



Airports Authority of India

Manual for Procurement of Goods and Services 2018

Page Left
Blank



डॉ. गुरुप्रसाद महापात्र, आई.ए.एस
Dr. GURUPRASAD MOHAPATRA, IAS

अध्यक्ष
Chairman

दूरभाष / Phone : 011-24632930
24622796

फैक्स / Fax : 011-24641088

ई-मेल / E-mail : chairman@aai.aero

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

राजीव गाँधी भवन
Rajiv Gandhi Bhawan

सफदरजंग हवाई अड्डा, नई दिल्ली-110003
Safdarjung Airport, New Delhi-110003

No.AAI/CHMN/2019

March 7, 2019



FOREWORD

The Airports Authority of India spends a sizeable amount of its budget on Procurements under CAPEX/ OPEX of equipment/ goods and non-consulting services and SITC Contracts as part of Long-term, Medium-term and Short-term strategies to achieve its objectives. I am glad that the AAI has now come out with a unified "Manual for Procurement of Goods and Services 2018" which will be applicable for all procurements of goods and services and SITC Projects across all procuring Departments / entities of Airports Authority of India at all locations/ offices.

I hope that this Manual would be useful to officials of AAI and will provide operating assistance to bring about greater transparency and predictability in the decision-making, and reduce the procurement dwell time.

Once the procurement process is completed, it is essential to expeditiously put the procured system into operations at the earliest to make use of the latest equipment and technology. This manual also covers the project management, post implementation audits and the disposal procedures to cover the complete life cycle of an asset.

Any comments about the manual are always welcome and will be considered in future revisions to further fine-tune and remove the bottlenecks, if any.


(Dr. Guruprasad Mohapatra)

Page Left
Blank



A.K. Pathak
Member (Planning)



Airports Authority of India

Rajiv Gandhi Bhavan
Safdarjung Airport, New Delhi-110003

PREFACE

Phone: +91-11-24693417
Fax: +91-11-24611104
Email: mplg@aai.aero


Airports Authority of India (AAI) were following different procurement procedures by different departments, thus inviting audit / technical observations, resulting in delays in the procurement. With the objective of providing uniform guidelines for expeditious decision-making by consolidating and streamlining the various processes followed in procurement related activities in line with Government directives such as conditions for tendering, contract, approval and management etc., AAI has now come up with a unified Manual for Procurement of Goods and Services-2018.

AAI Board has approved the "AAI Manual for Procurement of Goods and Services 2018". The manual contains 11 Chapters & deals in :

- Policies and Principles
- Need Assessment, Indenting of Materials and Procurement Planning
- Supplier Relationship Management
- Modes of Procurement and Bidding Systems
- Preparing Bid Documents, Publication, Receipt and Opening of Bids
- Forms of Securities, Payment Terms and Price Variations
- Evaluation of Bids and Award of Contract
- Rate Contract and other Procurements with special features
- Contract Management
- Disposal of Goods
- Duties and Responsibilities of Executives Involved in Procurement of Goods and Services

I would like to acknowledge and appreciate the efforts made by Shri Hareendranath EP, Director, IAA, Shri H. S. Suresh ED (Engg), Shri P.N.S. Kushwaha, Ex-ED (CNS-P), Shri A.A. Khatana, Ex-ED (Fin.), Shri B. S. Dalal GM (IT), Shri R.R. Bassi, GM (CNS-P) and Shri Sudhir Gairola, Jt. GM (Tech) in preparation of this Manual. I would also like to thank the team of Indian Institute of Materials Management Mumbai for their valuable inputs.

Though earnest efforts have been made to incorporate all the amendments in the Manual for Procurement of Goods and Services 2018, however, any discrepancy observed may be brought to the notice of Shri B.S. Dalal, GM (IT) on e-mail bsdalal@aai.aero for necessary action.


5/3/19
(A.K. Pathak)
Member (Planning)

Page Left
Blank

TABLE OF CONTENTS

Sr. No.	Sub Para No	Description	Page No
		Abbreviations and Acronyms	
		Procurement Glossary	
Chapter – 1			
1		Introduction – Policies and Principles	
1.1		About AAI and the Manual	
1.2		The Functions / Activities of AAI	
1.3		Objective	
1.4		Clarifications, Amendments and Revision of this Manual	
1.5		Applicability	
1.6		Deviation from procedure	
1.7		Basic aims of Procurement – the Five r’s of Procurement	
1.8		Concepts of cost and Value – Value for money	
1.9		Fundamental Principles of Public Procurement	
	1.9.1.1	Transparency Principle	
	1.9.1.2	Professionalism Principle	
	1.9.1.3	Broader Obligations Principle	
	1.9.1.4	Extended Legal Responsibilities principle	
	1.9.1.5	Public accountability principle	
1.10		Standards (Canons) of Financial Propriety	
1.11		Procurement Preference Policy for Micro & Small Enterprises	
1.12		Procurement Preference for Domestically manufactured Electronic Products	
1.13		Make in India Policy – 2017	
1.14		Proactive Information Disclosures	
1.15		Standard Procurement guidelines	
1.16		Public Procurement Cycle	
Chapter 2			
		Need Assessment, Indenting of Materials and Procurement Planning	
2.1		Need assessment	
2.2		Consolidation of Indents for provision of Goods and Services	
2.3		Budgeting	
	2.3.4	Types of Expenditure Budget	
	2.3.4.1	Revenue Expenditure Budget	

	2.3.4.2	Capital Expenditure budget	
	2.3.5	Budget Formats	
	2.3.6	Budget Control and Monitoring	
	2.3.7	Appropriations and Re-appropriation	
2.4		Cost Estimation for Administrative Approval & Expenditure Sanction	
	2.4.9	Sources for Cost Estimate	
	2.4.10	Preparation of Cost Estimate	
2.5		Administrative Approval and Estimate Sanction	
2.6		Permissible Expenditure in Excess over A/A & E/S	
2.8		Issue of AA & ES	
2.9		Formulation of Technical Specifications	
	2.9.4	Essential Technical particulars	
2.10		Accord of Technical Sanction (TS)	
2.11		Requisition for Emergency Purchase	
2.12		Procurement Planning	
Chapter - 3			
3.1		Supplier Relationship Management	
3.2		Code of Integrity For Public Procurement (CIPP)	
	3.2.2.1	Corrupt Practice	
	3.2.2.2	Fraudulent Practice	
	3.2.2.3	Anti-Competitive Practice	
	3.2.2.4	Coercive Practice	
	3.2.2.5	Conflict Of Interest	
	3.2.2.6	Obstructive Practice	
	3.2.3	Obligations for Proactive Disclosures	
	3.2.4	Punitive Provisions	
3.3		Integrity Pact (IP)	
3.4		Debarment of Suppliers	
Chapter - 4			
4.1		Modes of Procurement	
	4.1.1	Open Tenders	
	4.1.2	Procurement through pre-selected suppliers	
	4.1.3	Nomination Basis Tenders	
	4.1.4	Procurements without calling Tenders	
	4.1.5	Mandatory Procurement of Goods and services for Goods or services available on Gem	
4.2		Open Tender enquiry (OTE)	
4.3		Global Tender Enquiry (GTE)	
4.4		Limited Tender Enquiry (LTE)	
4.5		Proprietary Article Certificate	
	4.5.2	Terms and conditions of PAC purchases	
4.6		Single Tender Enquiry (STE) without a PAC	

4.7		Drawals against Internal Rate Contract (RC) / Framework Contract (FC)	
4.8		Direct Procurement without Quotation (Spot Purchase)	
4.9		Bidding Systems	
4.10		Single Stage Bidding System (Procedure as per CPP Portal)	
	4.10.1	One – (1) Pack Tender Process	
	4.10.2	Two - (2) Pack Tender Process	
	4.10.3	Three – (3) Pack Process	
	4.10.4	Four - (4) Pack Process	
4.11		Two Stage Bidding - Expression of Interest Tenders – Market Exploration	
4.12		Electronic Procurement (e-Procurement)	
4.13		Electronic Reverse Auction (RA)	
4.14		Government e-Marketplace (GeM) by DGS&D	
4.15		Payment Procedure in GeM	
	Annexure-4_A	Proprietary Article Certificate	
		Chapter 5	
5.1		Preparation of Bid documents	
5.2		Essential aspects / Contents of the Standard Bidding document (SBD)	
5.3		Tender Fee	
5.6		Broad guidelines for preparing bid documents	
	5.6.1	Notice inviting Tender (NIT)	
5.7		Information to Bidders (ITB) and Appendix to ITB (AITB)	
	5.7.3	Important clauses of ITB / AITB	
	5.7.3.2	Purchase Preference Policies	
	5.7.3.4	Clarification of Tender Document	
	5.7.3.5	Amendment of Tender documents	
	5.7.3.6	Pre –Bid Conference	
	5.7.3.7	Tender Corrigendum	
	5.7.3.8	Bid Validity	
5.8		OEM / Authorized dealer /Agents of supplier	
5.9		Conflict of interest among bidders/agents	
5.10		Extension of Tender opening date	
5.11		Procedures to be followed during Bid Opening	
	Annexure-5_A	<u>E-TENDER NOTICE</u>	
	Annexure-5_B	NOTICE INVITING TENDER	
	Annexure-5_C	Sample Prequalification Criteria	
		Chapter - 6	
6.1		Forms of Security	
	6.1.1	Bid Security	
	6.1.2	Rate of Bid Security	

	6.1.3	Mode of Payment of Bid Security	
	6.1.4	Refund of Earnest Money	
	6.1.5	Forfeiture of Earnest money	
	6.1.6	Performance Security	
	6.1.7	Verification of Bank Guarantees	
	6.1.8	Safe Custody And Monitoring Of EMD'S, Performance Securities And Other Instruments	
6.2		Payment clause	
6.3		Terms of Payment for domestic Goods	
6.4		Documents required for release of payment	
6.5		Terms of Payment for Foreign Supplies	
6.6		Payment Terms to Foreign Suppliers	
6.7		Documents required for release of payment (Foreign Supplies)	
6.8		Modes of Payment for domestic Goods	
6.9		Modes of Payment for imported Goods	
6.10		Letter of Credit (LC)	
6.11		Advance Payments	
6.12		Compensation for Delay	
6.13		Freight & Insurance charges	
6.14		Taxes, duties and levies	
6.15		Customs duty on imported Goods	
6.16		Custom handling and clearing charges	
	Annexure-6_A	Bank Guarantee Format for EMD	
		Chapter-7	
		Evaluation of Bids and Award of Contract	
7.1		Tender Evaluation	
7.2		Tender Evaluation Committees (TEC)	
7.3		Preliminary (PQ) Evaluation	
	7.3.1	Unresponsive Tenders	
	7.3.3	Minor Infirmary / Irregularity / Non - conformity / Shortfall Documents	
	7.3.4	Clarification on Bids / Shortfall Documents	
	7.3.5	Consideration of Unsolicited and Single offers in Limited Tender Enquiry (LTE)	
7.4		Evaluation of Responsive Bids	
	7.4.1	Evaluation of PQ / Technical Bids	
	7.4.1.1	Evaluation of Pre Qualification Criteria	
	7.4.1.2	Evaluation of Technical suitability	
	7.4.1.3	Considering Minor Deviations	
	7.4.1.4	Declaration of Technically Successful bidders	
	7.4.2	Right of Bidder to question rejection at PQ / Technical stage	
7.5		Opening of Price bids	

7.6		Evaluation of Financial Bids and ranking of Tenders in General	
7.7		Global Tender Enquiry (GTE) / International Competitive Bidding (ICB) Tenders	
	7.7.1	Currency of Tender	
	7.7.2	Evaluation of offers	
7.8		Timely processing of Tenders	
7.9		Extension of Tender Validity Period	
	7.9.3	Quantity Deviation / Extra Item	
7.10		Splitting of Contracts / Parallel Contracts	
7.11		Reasonableness of Prices	
7.12		Consideration of Abnormally Low Bids	
7.13		High Price Bid	
7.14		Negotiations - Only as a rare exception	
7.15		Procedure for Negotiations	
7.16		Consideration of lack of competition in Open Tender / Global tender and Limited Tender Enquiry	
7.17		Cancellation of Procurement Process / Rejection of All Bids/ Re-Tender	
7.18		Independence, Impartiality, Confidentiality and “No Conflict of Interest” at all Stages of Evaluation of Bids	
7.19		Tender Evaluation Committee Recommendation / Report	
7.20		Award of Contract	
7.21		Publication of Tender Results and Return of EMD of Unsuccessful Bidders	
7.22		Framing of Contract	
7.23		Procurement Records	
	Annexure-7_A	Invitation for Negotiations	
	Annexure-7_B	FORM OF DECLARATION (Negotiations)	
	Annexure-7_C	Format of Revised Offer in Negotiations	
	Annexure-7_D	Sample Purchase Order / Letter of Acceptance	
		Chapter-8	
8.1		Rate Contracts	
	8.1.1	Definition	
	8.1.2	Merits of Rate Contract	
	8.1.3	Rate Contracts concluded by Central Purchase Organization (e.g. DGS&D)	
	8.1.4	The goods or services for which Rate Contracts are to be concluded by Central Purchase Organization / AAI	
	8.1.5	Conclusion of Rate Contracts for Automobiles, sophisticated Equipment, Machinery etc. on the basis of discounts on Net Dealer Price	

	8.1.6	Period of Rate Contract	
	8.1.7	Criteria for award of Rate Contracts	
	8.1.8	Special Conditions applicable for Rate Contract	
	8.1.9	Parallel Rate Contracts	
	8.1.10	Conclusion of Rate Contracts including Parallel Rate Contracts	
	8.1.11	Price Negotiation / Counter-Offer	
	8.1.12	Performance Security	
	8.1.13	Renewal of Rate Contracts	
	8.1.14	Placement of Supply Orders	
8.2		Handling Procurement in urgencies/Emergencies and Disaster Management	
8.3		Buy Back Offer	
8.4		Capital Goods/Equipment (Machinery and Plant – M&P)	
8.5		Turnkey Contract	
8.6		Annual Maintenance Contract (AMC)	
		Chapter-9	
9.1		Purpose of Contract Management	
9.2		Supplementary to the Contract	
9.3		Operation of Option Clause	
9.4		Safeguards for Handing over AAI Materials and Equipment's to contractors	
9.5		Payments to the contractor and Handling of securities	
9.6		Monitoring of Contractor performance	
9.7		Delays in Performance of Contract	
	9.7.1	Delivery Period	
	9.7.2	Terms of Delivery	
	9.7.3	Severable and Entire Delivery Contracts	
	9.7.4	Extension of Time / Delivery	
	9.7.5	Delay in supplies for which supplier is not responsible	
	9.7.6	Performance Notice	
	9.7.7	Force Majeure	
	9.7.8	Denial Clause	
	9.7.9	Liquidated Damages (LD)	
9.8		Breach of Contract, Remedies and Termination	
	9.8.5	Cancellation of the Contract for Default	
9.9		Dispute Resolution	
9.10		Closure of Contract	
9.11		Testing and Inspection	
	9.11.3	Factory Inspection / Acceptance Testing (FAT)	
	9.11.4	Post receipt / pre-installation testing	
	9.11.5	Post installation Acceptance testing / Inspection	
	9.11.9	Manufacturer's Quality Self-certification	

	9.11.10	Issue of Inspection Report	
	9.11.11	Joint Inspection on Complaint	
	9.11.12	Franking Clause on Acceptance and Rejection	
	9.11.13	Approval of Acceptable Deviations	
9.12		Measurements of Deliveries / Work Done	
9.13		Distribution of Dispatch Documents for Clearance/ Receipt of Goods	
9.14		Accounting and Payment of Received Materials	
		Chapter-10	
10.1		Scrap for disposal	
10.2		Classification and categorisation	
10.3		Survey of materials for classifying as scrap for disposal	
10.4		Modes of disposal	
10.6		Preparation for disposal	
10.7		Determining reserve Price	
10.8		Conditions of disposal applicable to all modes of disposal	
10.9		Right to reject all bids	
10.10		Taxes	
10.11		Disposal through Tender	
10.12		Disposal through auction	
10.13		Disposal at scrap value or by other modes	
10.14		Disposal of Throw-Away type items	
10.15		Delivery of sold material	
10.16		All risks to the buyer	
10.17		Terms of delivery	
10.18		Default by seller	
10.19		Default by buyer	
10.20		Witnessing delivery	
10.21		Deliveries of scrap	
10.22		Variation in available Quantity	
10.23		Conclusion of delivery	
10.24		Survey off an item where purchase price / date of purchase is not available	
	Annexure-10_A	Survey off an item where purchase price / date of purchase is not available	
		Chapter-11	
		Duties and Responsibilities of Executives Involved in Procurement of Goods and Services	

Page Left
Blank

Abbreviations and Acronyms

Sr. No.	Abbreviations	Full Form
1	AAI	Airports Authority of India
2	AITB	Additional Instructions to Bidders
3	AMC	Annual Maintenance Contract
4	BC	Bill Currency (selling/buying)
5	BEE	Bureau of Energy Efficiency
6	BG	Bank Guarantee
7	BIS	Bureau of Indian Standards
8	BOC	Bid Opening Committee
9	C&AG	Comptroller and Auditor General (of India)
10	CA	Competent Authority
11	CAPEX	Capital Expenditure
12	CBI	Central Bureau of Investigation
13	CCI	Competition Commission of India
14	CFR	Cost and Freight
15	CHA	Custom House Agent
16	CIF	Cost Insurance and Freight
17	CIP	Carriage and Insurance Paid
18	CIPP	Code of Integrity for Public Procurement
19	COTS	Commercially Off The Shelf (Items)
20	CPCB	Central Pollution Control Board
21	CPPP	Central Public Procurement Portal
22	CPSE	Central Public Sector Enterprise
23	CVC	Central Vigilance Commission
24	CVO	Chief Vigilance Officer
25	DGCA	Directorate General of Civil Aviation
26	GS&D	Directorate General of Supplies and Disposals
27	DMEP	Domestically Manufactured Electronic Products
28	DSC	Digital Signature Certificate
29	ECS	Electronic Clearing System
30	EFT	Electronic Funds Transfer
31	EMD	Earnest Money Deposit
32	EoI	Expression of Interest (Tender)
33	ERV	Exchange Rate Variation
34	EXIM	Export Import (Policy)
35	FA (&CAO)	Financial Adviser (and Chief Accounts Officer)

36	FAS	Free Alongside Ship
37	FC	Framework Contract
38	FEMA	Foreign Exchange Management Act
39	FM	Force Majeure
40	FOB	Free On Board
41	FOR	Free On Rail
42	FOT	Free On Truck
43	GCC	General Conditions of Contract
44	GeM	Government Electronic Market
45	GFR	General and Financial Rules, 2017
46	GoI	Government of India
47	GTC	General Terms & Conditions
48	GTE	Global Tender Enquiry
49	HOD	Head of the Department
50	IATA	International Air Transport Association
51	ICAO	International Civil Aviation Organization
52	IEM	Independent External Monitor
53	INCOTERMS	International Commercial Terms
54	IP	Integrity Pact
55	IRDA	Insurance Regulatory and Development Authority
56	ISI	Indian Standards Institute
57	ISO	International Organization for Standardization
58	ITB	Instructions to Bidders
59	ITJ	Indian Trade Journal
60	KPIs	Key Performance Indices
61	KVIC	Khadi and Village Industries Commission
62	L1	Lowest Bidder
63	LC	Letter of Credit
64	LCC	Life Cycle Costing
65	LD	Liquidated Damages
66	LoA (A/T)	Letter (Notification) of Award / Acceptance of Tender
67	LPP	Last Purchase Price
68	LTE	Limited Tender Enquiry
69	MeitY	Ministry of Electronics and Information Technology
70	MRP	Maximum Retail Price
71	MSE	Micro and Small Enterprise
72	MSME	Micro Small and Medium Enterprises
73	NEFT	National Electronic Funds Transfer
74	MSTC	Metal Scrap Trading Corporation
75	NIC	National Informatics Centre
76	NIT	Notice Inviting Tender
77	NSIC	National Small Industries Corporation
78	OEM	Original Equipment Manufacturer
79	OPEX	Operating Expense (model of acquisition / procurement)

80	OTE	Open Tender Enquiry
81	PAC	Proprietary Article Certificate
82	PAC	Proprietary Article Certificate
83	PBG	Performance Bank Guarantee, also see SD
84	PPP	Public Private Partnership
85	PQB	Pre-qualification Bidding
86	PQC	Pre-qualification Criterion
87	PSU	Public Sector Undertaking
88	PVC	Price Variation Clause
89	QA	Quality Assurance
90	RA/eRA	Electronic Reverse Auction
91	RBI	Reserve Bank of India
92	RC	Rate Contract (or Framework Contract FC)
93	RfP	Request for Proposals (Document)
94	RTGS	Real Time Gross Settlement
95	RTI	Right to Information
96	SBD	Standard Bidding Document
97	SC	Survey Committee
98	SCC	Special Conditions of Contract
99	SD	Security Deposit, also see PBG
100	SLA	Service Level Agreement
101	SLTE	Special Limited Tender (Enquiry)
102	SoPP	Schedule of Procurement Powers
103	SPCB	State Pollution Control Board
104	RTI	Right to Information
105	SBD	Standard Bidding Document
106	SC	Survey Committee
107	SCC	Special Conditions of Contract
108	SD	Security Deposit, also see PBG
109	SLA	Service Level Agreement
110	SLTE	Special Limited Tender (Enquiry)
111	SoPP	Schedule of Procurement Powers
112	SPCB	State Pollution Control Board
113	STA	Subject to Acceptance
114	STC	Special Terms & Conditions
115	STE	Single Tender Enquiry
116	TC / TEC	Tender Committee or Tender Purchase or Evaluation Committee (TPC/ TEC)
117	TCO	Total Cost of Ownership
118	TCS	Tax Collected at Source
119	TDS	Tax Deducted at Source
120	ToR	Terms of Reference
121	TS	Technical Specification

122	UCP 600	Uniform Customs and Practice for Documentary Credits (UCPDC or simply UCP)
123	UNCITRAL	United Nations Commission on International Trade Law
124	VAT	Value Added Tax
125	VfM	(Best) Value for Money
126	WOL	Whole of Life (Cost) or Total Cost of Ownership TCO

Procurement Glossary

In this Manual and in the 'Procurement Guidelines', unless the context otherwise requires:

- I. "Bid" (including the term 'tender', 'offer', 'quotation' or 'proposal' in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers.
- II. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any eligible person or firm or company, including a consortium (that is an association of several persons, or firms or companies), participating in a procurement process with a Procuring Entity.
- III. "(Standard) Bid(ding) documents" (including the term 'tender (enquiry) documents' or 'Request for Proposal Documents' – RfP documents in certain contexts) means a document issued by AAI, including any amendment thereto, that sets out the terms and conditions of the given procurement and includes the invitation to bid. A Standard (Model) Bidding Document is the standardised template to be used for preparing Bidding.
- IV. "Bidder registration document" means a document issued by a AAI, including any amendment thereto, that sets out the terms and conditions of registration proceedings and includes the invitation to register.
- V. "Bid security" (including the term 'Earnest Money Deposit'(EMD), in certain contexts) means a security from a bidder securing obligations resulting from a prospective contract award with the intention to avoid or the withdrawal or modification of an offer within the validity of the bid, after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.;
- VI. "Central Public sector enterprise" means a body incorporated under the Companies Act or established under any other Act and in which the Central Government or a Central enterprise owns more than 50 per cent of the issued share capital;
- VII. "Consultancy services" means a one-off (that is, not repetitive and not routine) services, involving project specific intellectual and procedural processes using established technologies and methodologies but the outcomes – which are primarily of non-physical nature – may not be standardised and would vary from one consultant to another. It may include small works or supply of goods which are incidental or consequential to such services;

- VIII. “e-Procurement” means the use of information and communication technology (specially the internet) by the Procuring Entity in conducting its procurement processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, nondiscriminatory and efficient procurement through transparent procedures; In AAI Central Public Procurement Portal (CPPP) is primarily used for “e-procurement”.
- IX. “Goods” includes all articles, material, commodity, livestock, medicines, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plant, vehicles, aircrafts, ships, railway rolling stock assemblies, sub-assemblies, accessories, a group of machines comprising an integrated production process or such other categories of goods or intangible, products like technology transfer, licenses, patents or other intellectual properties (but excludes books, publications, periodicals, etc., for a library), procured or otherwise acquired by a Procuring Entity. Procurement of goods may include certain small work or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance;
- X. “Indenter” (or the term ‘User (Department)’ in certain contexts) means the any department and its officials initiating a procurement indent, that is, a request to the Procuring department of AAI to procure goods, works or services specified therein;
- XI. “Inventory” means any material, component or product that is held for use at a later time;
- XII. “Invitation to (pre-)qualify” means a document including any amendment thereto published by the Procuring Entity inviting offers for pre-qualification from prospective bidders;
- XIII. “Invitation to register” means a document including any amendment thereto published by the Procuring Entity inviting offers for bidder registration from prospective bidders;
- XIV. “Non-consultancy services” includes services of physical and procedural nature and are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied such as aerial photography, satellite imagery, mapping and similar operations, digging, cable laying etc. It may include small works or supply of goods which are incidental or consequential to such services;
- XV. “Notice inviting tenders” (including the term ‘Invitation to bid’ or ‘request for proposals’ in certain contexts) means a document and any amendment thereto published or notified by the AAI, which informs the potential bidders that it intends to procure goods, services and/or works.;

- XVI. “Pre-qualification (bidding) procedure” means the procedure set out to identify, prior to inviting bids, the bidders that are qualified to participate in the procurement;
- XVII. “Pre-qualification document” means the document including any amendment thereto issued by a Procuring Entity, which sets out the terms and conditions of the pre-qualification bidding and includes the invitation to pre-qualify;
- XVIII. “Procurement” or “public procurement” (or ‘Purchase’, or ‘Government Procurement/ Purchase’ in certain contexts) means acquisition by way of purchase, lease, license or otherwise, either using public funds or any other source of funds (e.g. grant, loans, gifts, private investment etc.) of goods, works or services or any combination thereof, including award of Public Private Partnership projects, by AAI, whether directly or through an agency with which a contract for procurement services is entered into, but does not include any acquisition of goods, works or services without consideration, and the term “procure” or “procured” shall be construed accordingly;
- XIX. “Procurement contract” (including the terms ‘Purchase Order’ or ‘Supply Order’ or ‘Withdrawal Order’ or ‘Work Order’ or ‘Consultancy Contract’ or ‘Contract for Services’ under certain contexts), means a formal legal agreement in writing relating to the subject matter of procurement, entered into between the Procuring Entity and the supplier, service provider or contractor on mutually acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the country. The term “contract” will also include “rate contract” and “framework contract”;
- XX. “Procurement process” means the process of procurement extending from the assessment of need; issue of invitation to pre-qualify or to register or to bid, as the case may be; the award of the procurement contract; execution of contract till closure of the contract;
- XXI. “Procuring authority” means the officer who finally approves as well as those officials and committee members who submit the notes/reports for the approval for any decision.
- XXII. “Procuring Entity” means any Department of AAI or a unit thereof or its attached or subordinate office to which powers of procurement have been delegated;
- XXIII. “Prospective bidder” means anyone likely or desirous to be a bidder;
- XXIV. “Public Private Partnership” means an arrangement between the central, a statutory entity or any other Government-owned entity, on one side, and a private sector entity, on the other, for the provision of public assets or public services or both, or a combination thereof, through investments being made or management being undertaken by the private sector entity, for a specified period of time, where there is predefined allocation of risk between the private sector and the public entity and the private entity

receives performance linked payments that conform (or are benchmarked) to specified and predetermined performance standards, deliverables or Service Level agreements measurable by the public entity or its representative;

- XXV. “Rate contract” (or the term ‘framework agreement’ in certain contexts) means an agreement between the Procuring Entity with one or more bidders, valid for a specified period of time, which sets out terms and conditions under which specific procurements can be made during the term of the agreement and may include an agreement on prices which may be either predetermined or be determined at the stage of actual procurement through competition or a predefined process allowing their revision without further competition;
- XXVI. “Registering authority” means an authority which registers bidders for different categories of procurement.
- XXVII. “Registered Supplier” means any supplier who is on a list of registered suppliers of the Procuring Entity or a Central Purchase Organisation;
- XXVIII. “Reverse auction” (or the term ‘Electronic reverse auction’ in certain contexts) means an online real-time purchasing technique utilised by the Procuring Entity to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period of time and automatic evaluation of bids;
- XXIX. “Service” means any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and includes physical, maintenance, professional, intellectual, training, consultancy and advisory services or any other service classified or declared as such by a Procuring Entity but does not include appointment of an individual made under any law, rules, regulations or order issued in this behalf;
- XXX. “Subject matter of procurement” means any item of procurement whether in the form of goods, services or works or a combination thereof;
- XXXI. “Works” refer to any activity, sufficient in itself to fulfil an economic or technical function, involving construction, fabrication, repair, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, which make use of a combination of one or more of engineering design, architectural design, material and technology, labour, machinery and equipment. Supply of some materials or certain services may be incidental or consequential to and part of such works. The term “Works” includes (i) civil works for the purposes of roads, railway, airports, shipping-ports, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels and earthworks; and so on, and (ii) mechanical, Electronics & Communications systems, Information Technology, Airport Systems and electrical works involving fabrication,

installation & commissioning, erection, repair and maintenance etc of any systems or installation of respective nature.

Page Left
Blank

Introduction – Policies and Principles

1.1 About AAI and the Manual:

1.1.1 Airports Authority of India (AAI) was constituted by an Act of Parliament and came into being on 1st April 1995 by merging erstwhile National Airports Authority (NAA) and International Airports Authority of India (IAAI). The merger brought into existence a single Organization entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure both on the ground and air space in the country.

1.1.2 Airports Authority of India spends a sizeable amount of its budget on Procurement and execution of Works Contracts, Procurement under CAPEX / OPEX of equipment / goods, Consulting and Non Consulting services and PPP Contracts as part of Long Term, Medium term and short term strategies to achieve its objectives.

1.1.3 AAI being a public sector organization has an overall responsibility to and accountability not only to bring in efficiency, economy and transparency in its processes but also to be fair and equitable in its treatment to suppliers by promotion of transparency in Public Procurement.

1.2 The Functions / Activities of AAI:

1.2.1 Design, Development, operation & maintenance of International and domestic Airports and civil Enclaves.

1.2.2 Control and management of Indian Airspace extending beyond territorial limits of the country as mandated by ICAO.

1.2.3 Construction, Modification and management of passenger terminals

1.2.4 Development and management of cargo terminals at International and domestic airports.

1.2.5 Provision of passenger facilities & information systems at the passenger terminals at Airports.

1.2.6 Development of Airside facilities - Expansion and strengthening of operation area viz Runways, aprons, Taxiways etc

1.2.7 Provision of Visual Aids

1.2.8 Planning, Procurement, Installation, Commissioning and Maintenance of Air Navigation Systems viz Instrument Landing Systems (ILS), DVOR, Distance Measuring Equipment's / Systems, Radar, ADS-B etc and providing Air Traffic Services in the Indian Jurisdiction.

1.2.9 Provision of Ground Safety & Security (GSS) services including fire safety and rescue services.

1.2.10 Other activities – General stores, material management (MM) activities.

1.3 Objective

- 1.3.1 This manual is aimed to provide guidelines for expeditious decision making process by consolidating, simplifying and streamlining the various steps to be followed in respect of various procurement related matters such as tendering, contract approval and management, etc. The intent of the document is also to make the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making, risk mitigation with accountability and responsibility at various stages of the procurement process. This Procurement Manual, therefore underlines the best practices in the procurement process to help AAI to achieve these objectives.

1.4 Clarifications, Amendments and Revision of this Manual

- 1.4.1 A duly appointed Committee of ED(Tech), ED(CNS-P), ED(Engg) headed by the Sr. most ED shall be the nodal Authority for interpretation, clarification and issues relating to this manual. Any amendment / revision to this manual shall be carried out on need basis with the approval of the Chairman AAI. The same committee shall also be responsible for approval of the Standard Bidding Documents based on this Manual. The Standard Bidding Documents so prepared shall also be vetted by the Legal Department before they are approved by the committee. However, in-case of complex procurements / SITC projects, where there are major deviations from the standard bidding document then the same may be vetted from legal department to avoid complications at a later date.

1.5 Applicability

- 1.5.1 The principles and procedures contained in this Manual are to be followed by all procuring Departments / entities of Airports Authority of India for procurement of goods and services and SITC Projects, whether centrally or locally under the delegated financial powers. This covers all AMC related services, however, consultancy related services and Engineering Works are outside the scope of this manual.

1.6 Deviation from procedure

- 1.6.1 In case of deviation to procedure as laid down in the Manual, the matter with proper justification shall be placed before next higher authority for approval as per Delegation of Powers (DoP) but not below the level of Executive Director. Chairman shall have the full powers for approval of deviation from the procedure specified in this manual.

1.7 Basic aims of Procurement – the Five r’s of Procurement

1.7.1 In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements. For achieving the optimal / right balance, the following five parameters principles called the Five R’s of procurement are required to be followed.

1.7.1.1 **Right Quality:** Procurement aims to buy just the right quality that will suit the needs – no more and no less – with clear specification of the Procuring Entity’s requirements, proper understanding of functional value and cost, understanding of the bidder’s quality system and quality awareness. For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while benchmarking the specification.

1.7.1.2 **Right Quantity:** There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged use. Hence, the right quantity should be procured which balances extra costs associated with larger and smaller quantities.

1.7.1.3 **Right Price:** It is not correct to aim at the cheapest materials / facilities / services available in the market. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for a facilities/works/services which could lead to a situation of non-performance or failure of contract). The concept of price can be refined further to take into account not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs.

1.7.1.4 **Right Time and Place :** If the material (or facility or services) is needed by an organisation in three months’ time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials/facilities/services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

1.7.1.5 **Right Source :** Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for AAI needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few items directly from a large manufacturer may not be the right strategy. On the

other hand, if the requirements are very large, buying such requirements through dealers or middlemen may also not be right.

1.8 Concepts of cost and Value – Value for money

- 1.8.1 Value for money (VfM) is derived from the optimal balance of benefits and costs on the basis of total cost of ownership (TCO) or Life Cycle Cost (LCC) or Whole-of-Life (WOL). Thus it not only takes into account the initial acquisition cost but also the costs associated with the operation, maintenance and disposal of an asset during the lifetime of the asset so procured. Similarly, the concept of quality is linked to the need and is refined into the concept of utility/value. These two, taken together, are used to develop the concept of Value for Money (VfM, also called Best Value for Money in certain contexts). Value for money is therefore not a choice of goods or services which is based on the lowest bid price but a choice based on the whole life costs of the project or service.
- 1.8.2 In public procurement, VfM is achieved by attracting the widest competition by way of optimal description of need; development of value-engineered specifications / Terms of Reference (ToR); appropriate packaging / slicing of requirement; selection of an appropriate mode of procurement and bidding system.

1.9 Fundamental Principles of Public Procurement

- 1.9.1 The Fundamental Principles of Public Procurement along with other obligations of procuring authorities can be organized into five principles of public procurement, which all procuring authorities must abide by and be accountable for:

1.9.1.1 Transparency Principle

- 1.9.1.1.1 All procuring authorities are responsible and accountable to ensure transparency, fairness, equality and appeal rights. In essence Transparency Principle also enjoins upon the Procuring authorities to do only that which it had professed to do as pre-declared in the relevant published documents and not to do anything that had not been so declared. Accordingly, all procuring authorities should ensure that offers are invited following a fair and transparent procedure and also ensure publication of all relevant information on the Central Public Procurement Portal (CPPP).

1.9.1.2 Professionalism Principle

- 1.9.1.2.1 Every authority delegated with the financial powers for procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement. It must also ensure fair and equitable treatment of suppliers and promotion of competition in public procurement.
- 1.9.1.2.2 The description of the subject matter of procurement to the extent practicable should:
 - 1.9.1.2.2.1 Be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.
 - 1.9.1.2.2.2 To the extent possible not to indicate a requirement for a particular trade mark, trade name or brand. In case of indication of trademark / trade-name or brand due justification is to be recorded and approval of the TS authority is to be obtained.
- 1.9.1.2.3 The specifications in terms of quality, type etc and also quantity of goods to be procured should be clearly spelt out keeping in view the specific needs without including superfluous and non –essential features, which may result in unwarranted expenditure.
- 1.9.1.2.4 The technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards.
- 1.9.1.2.5 Offers should be invited following a fair, transparent and reasonable procedure.
- 1.9.1.2.6 The Procuring Authority should be satisfied that the selected offer adequately meets the requirements in all respects.
- 1.9.1.2.7 The Procuring authority should satisfy that the price of selected offer is reasonable and consistent with the quality required.
- 1.9.1.2.8 At each stage of procurement, the concerned procurement authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

- 1.9.1.2.9 Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs and technological obsolescence in future.
- 1.9.1.2.10 A complete schedule of procurement cycle to the extent possible should be published when the tender is issued.
- 1.9.1.2.11 Each procuring department shall prepare Annual Procurement Plan (based on Organisations Annual Plan) before the commencement of the year and same should also be placed on the web site .
- 1.9.1.3 Broader Obligations Principle**
- 1.9.1.3.1 AAI being a Public Sector entity also have the responsibility and accountability to conduct public procurement in a manner to facilitate achievement of the broader objectives of the Government i.e. Preferential procurement from MSEs, reservation of procurement of specified class of goods from or through certain nominated CPSE or Govt organizations, Make In India objectives of the Government etc.
- 1.9.1.4 Extended Legal Responsibilities principle**
- 1.9.1.4.1 Courts in India exercise additional judicial review (beyond contractual issues) over public procurement in relation to the manner of decision making in respect of fundamental rights, fair play and legality. Similarly, procuring authorities have also the responsibility and accountability to comply with laws relating to Governance issues like Right to Information (RTI) Act and Prevention of Corruption act and so on.
- 1.9.1.5 Public accountability principle**
- 1.9.1.5.1 Procuring authorities are accountable to several statutory and official bodies in the country like Central Vigilance Commission (CVC), Comptroller & Auditor General of India (CAG), Central Bureau of Investigation (CBI) , the Legislation and its Committees etc
- 1.9.1.6 For streamlining of procurements and to add “value“, it is recommended that procurement of high value materials /services, frequently procured items/ services which is used on PAN India basis by various departments, be procured on Centralized basis .

1.10 Standards (Canons) of Financial Propriety

1.10.1 Public Procurement like any other expenditure in Government must conform to the Standards (also called Canons) of Financial Propriety. It should generally be in confirmation with the relevant provisions in the General Financial Rules prevalent from time to time. The emphasis should generally laid on the following the principles while doing public procurement:-

1.10.1.1 Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

1.10.1.2 The expenditure should not be prima facie more than the occasion demands.

1.10.1.3 No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

1.10.1.4 Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –

1.10.1.4.1 A claim for the amount could be enforced in a Court of Law, or

1.10.1.4.2 The expenditure is in pursuance of a recognized policy or custom.

1.10.1.5 While discharging the duties of financial concurrence of any public expenditure, such authorities subsequent to such decision, shall not be involved in any future financial/ audit/payment responsibilities which may create conflict of interest.

1.11 Procurement Preference Policy for Micro, Small & Medium Enterprises

1.11.1 Procurement Preference Policy for Micro, Small & Medium Enterprises has been notified by the Government in exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) ACT 2006 . Details of the policy are available on MSME website <http://dcmsme.gov.in/pppm.htm>. All guidelines given on the website of MSME needs to be followed wherever required.

1.11.2 All policies notifications, Hon'ble court rulings etc. which are in public domain being available in the website of concerned ministries, through publication of govt. gazette, notifications, shall be applicable and implementation of same need to be ensured by concerned officials / deptts.

1.12 Procurement Preference for Domestically manufactured Electronic Products

1.12.1 Procurement Preference to Domestically Manufactured Electronic Products (DMEP) will be given to all those notified Electronic Products Manufactured by

entities / registered in India including Special Economic Zones(SEZs) and engaged in the manufacture of such electronic products in India - which would include Original Equipment Manufacturers (OEM) and their Contract manufacturers but not Traders. Sole selling agents /authorized distributors /authorized dealers /authorized supply houses of domestic manufacturers are eligible to bid on behalf of domestic manufacturers provided they submit required authorization and self certification from the OEM.

1.12.2 Additionally, such products shall meet the criteria of specified domestic value addition (on self certification basis) as laid down in the policies, issued vide various Notifications for being classified as DMEP. Template of provision to be included in the tender documents has been issued by the Ministry of Communications and Information Technology Department of Electronics and Information Technology (DeitY). The same has been included in AAIs Model Tender Documents .

1.12.3 The products notified for providing preference to domestic manufacturers are as follows :

1.12.3.1 Desktop PCs

1.12.3.2 Dot Matrix Printers

1.12.3.3 Tablet PCs

1.12.3.4 Laptop PCs

1.12.3.5 Contact Smart Cards

1.12.3.6 Contactless Smart Cards.

1.12.3.7 LED Products

1.12.3.8 Biometric access Control / Authentication devices

1.12.3.9 Bio metric Finger Print sensors

1.12.3.10 Biometric Iris Sensors

1.12.3.11 Uninterrupted Power Supply

1.12.3.12 Batteries

1.12.4 For the notified electronic products, if a DMEP bidder in a tender, quotes a price within the band of L1 +20% and in a situation where L1 bidder is not for a DMEP, the DMEP vendors are eligible for being awarded 30% of the total tendered quantity of DMEP, if they agree to match the L1 price. In case first eligible DMEP bidder fails to match L1 bid, the DMEP bidder with next higher bid will be invited to match L1 bid and so on.

1.12.5 However, the procuring agency may choose to divide the order amongst more than one successful bidder as long as more than one DMEP bidder falling within the band of L1+20% and willing to match the L-1 price. However, the criteria for

allocating the tender quantity amongst a number of successful bidders shall be clearly articulated in the tender document itself. In case all eligible domestic manufacturers fail to match the L1 bid, the actual bidder holding L1 bid will secure the order for full procurement value as per the tendered quantity.

1.12.6 While buying Computers and servers AAI should guard against the supply of computers and servers with refurbished/duplicate/ second hand components /parts / assembly / software etc and should insist on an undertaking from bidder as follows:

1.12.6.1 The bidder should submit a signed undertaking (sample format enclosed) as Annexure-1_C from an authority not lower than the Company Secretary of the system OEM, certifying that all the components/ part/ assembly/ software used in the Desktops and Servers like Hard disk, Monitors, memory etc were original/ new components/parts/assembly/software, and that no refurbished/duplicate/ second hand components /parts / assembly / software had been being used or would be used, so that the buying organizations were not cheated and get the original equipments as ordered by them.

1.13 Startup Policy (already approved by AAI board)

1.13.1 Duly approved startup policy of AAI is attached as Annexure-1_A. The same may be followed wherever applicable and tenders may be suitably modified wherever required by inserting special conditions of contract in the standard bidding documents.

1.14 Make in India Policy – 2017

1.14.1 The **Public Procurement Linked With Local Content (PP-LC)** as adopted in AAI is included in the manual as Annexure-1_B. The same needs to be included in all tenders for procurement of goods and services.

1.14.2 Since start-up is a new concept the first POC should be taken as a reference and a case study of the same should be prepared to analyze the start-up process and fine-tune the same for future initiatives.

1.15 Proactive Information Disclosures

1.15.1 Section 4 (1) (b) of the RTI Act lays down the information to be disclosed by public authorities on a suo motu or proactive basis and Section 4(2) and Section 4(3) prescribe the method of dissemination to enhance transparency and also to reduce the need for filing individual RTI applications. The relevant guidelines relating to information disclosure concerning procurement are given below :

- 1.15.1.1 “Information relating to procurement made by public authorities including publication of notice / tender enquiries, corrigenda thereon, and details of bid awards detailing the name of Vendor / Contractor of goods / services being procured and the rate and total amount should be disclosed.

1.16 Exemptions to the process of MSME / MII / DMEP for specialized products

- 1.16.1 Airports Authority of India, being a Government of India PSU would like to promote and provide all necessary benefits to Micro, Small & Medium Enterprises (MSME), Domestically manufactured Electronic Products, Public Procurement Linked With Local Content (PP-LC) (Make in India – MII) and Start-up Initiative as per the guidelines of the Govt of India. However, AAI being in the business of Aviation, which is strictly Governed by the regulations of International Civil Aviation Organisation (ICAO), with very stringent requirements involving safety and security of air traffic, passengers and aircraft moments, it may not always be possible to follow to Govt. of India policy on above counts. However, such cases of specialized procurements involving aviation safety and security should be indicated at the time of Technical Sanction for the approval of the TS authority for exemption.

1.17 Standard Procurement guidelines

- 1.17.1 The needs / indents should be projected sufficiently in advance to ensure avoidable urgency.
- 1.17.2 The needs should not be artificially created or exaggerated and should be adequate to meet the user requirement.
- 1.17.3 The specifications should be generic in nature and should not be restrictive in any way. However, all necessary user requirements should be represented. The technical specifications should be clearly defined without any ambiguity.
- 1.17.4 All vital information related to the procurement should be widely published and should not be shared with limited suppliers. If necessary for the sake of clarity pre-bid conference inviting all participating bidders should be held.
- 1.17.5 All individuals follow a code of conduct & uphold highest standards of integrity in all business transactions. They should avoid expecting or accepting any kind of hospitality or gifts from the suppliers.
- 1.17.6 All NIT / NIQ / Tenders should be given sufficient publicity and sufficient time for bid preparation and submission leading to more participation. Tenders should be uploaded on CPP portal without any physical sale.

- 1.17.7 Use of Standard, clear and unambiguous Bid Qualification Criteria. Rigorously following the tender conditions while evaluating.
- 1.17.8 The validity of the bid should not be so long that the vendors quote a higher price to cover the risk of possible price rise during the validity period.
- 1.17.9 Rate contracts should be finalized after adequate publicity encouraging large participation.
- 1.17.10 Excess procurement on rate contract should be avoided. Larger consolidated requirement should be processed independent of rate contract.
- 1.17.11 Advance payment resulting in undue benefit to the contractor should be avoided.
- 1.17.12 In a large contract, there are bound to be changes / deviations during the execution. However, the changes / deviations should not substantially alter the nature of the contract giving undue advantage to the contractor.
- 1.17.13 Deliberate actions in contract execution by supervisors (site reports altered as regards quality, content, delays), user department (false claims regarding scope change), finance department (undue delay in release of payment) or purchaser (denial of legitimate payment although the lapses are on the part of purchaser) which may either bestow undue benefit to the contractor or cause harassment to him should be avoided.
- 1.17.14 Purchaser should open LC as soon as possible so as to avoid delay in start of manufacturing on this pretext.
- 1.17.15 Purchaser should also study LC and understand the implications of each clause and its effect on cost and delivery. Any deviation may result in unnecessary delay in delivery and can give undue advantage to the supplier / contractor.
- 1.17.16 Part / full Cancellation of contract should be duly deliberated and authorised by the TS authority. The re-tendered bid should take precautions to tackle difficulty faced in the earlier tender leading to cancellation.

1.17.17 Generally, the requirements in the Tender document (RFP) once published should not be changed or altered. However, certain situations as listed below may demand a change in the tender document before the last date of submission.

1.17.17.1 Where the competition is not sufficient and it results into a situation of single tender.

1.17.17.2 Where certain participating vendors bring out certain issues with the technical requirements during the pre-bid meeting or otherwise through pre-bid queries and it is clear that the published specifications are not generic and appears to be restrictive in nature. However, where a specific technical parameter is operationally essential for AAI's requirement it may be suitably justified.

In above situations and in the interest of competition the Pre-qualification Criteria (PQC) or the technical requirements shall be amended with the approval of the TS authority as per the provisions of this manual through the corrigendum process.

1.18 Public Procurement Cycle

1.18.1 The procurement process for goods, works and/or services typically involves the following cycle of activities, undertaken in the order stated below.

1.18.2 Need Assessment: Need assessment, formulation of Specifications and Procurement Planning;

1.18.3 Bid Invitation: Preparing bid documents, publication, receipt and opening of bids;

1.18.4 Bid Evaluation: Evaluation of bids and award of contract; and

1.18.5 Contract Execution: Contract management and closure;

1.18.6 Disposal of Scrap: Disposal of Scrap through various modes of disposal.

1.18.7 Details and procedures of various stages of the procurement cycle are described in subsequent Chapters of the manuals.

AAI STARTUP POLICY

Introduction

The National Civil Aviation Policy 2016 (NCAP) has a target to enable 30 crore domestic flight ticketing by 2022. This is expected to further rise to 50 crores by 2027. Similarly, international ticketing is slated to increase to 20 crores by 2027 and cargo volumes are likely to increase to 10 million tons by 2027. This fantastic growth rate in passenger traffic shall create an increasing load over airport infrastructure. Innovations will play a central role in mitigating some of these challenges as capacity additions are slower and harder to achieve. Moreover, as passengers demand better and more efficient services, it is imperative for Airports to deploy new and creative solutions to respond to the new age tech savvy passenger.

The San Diego International Airport opened its Innovation Lab in 2016. Housed in a former commuter terminal, it serves as a place for innovators inside and outside of the organization to develop, test and deploy new ideas. The lab since its inauguration has promoted several innovations which have been eventually deployed at the airport as well as other airports in the USA. Airports all over the world are increasingly working with startups to drive higher passenger satisfaction scores, sustainability and efficiency in operations. Singapore, Munich, Dubai, Copenhagen, Amsterdam are amongst those airports at the forefront of the innovation revolution. Inculcating a culture of innovation is critical to be at the cutting edge of technology. In India, Mumbai International airport (MIAL) has taken the first step in this direction by setting up an Innovation Lab with a dedicated team to drive innovation infusion. Similarly, Bangalore International Airport Limited (BIAL) has made rapid strides in this direction by setting up a co-innovation Centre in collaboration with Accenture.

Airport Authority of India has recently set up a Civil Aviation Research Organization (CARO) at Hyderabad. This center will provide researchers access to relevant equipment's as well as mentorship support for Applied research. While this will tremendously boost in-house research capabilities within AAI, it will also serve as a fulcrum for interactions with startups and other innovators towards driving improvements in ANS and airport operations.

Currently, no formal mechanism exists for startups to approach Airport Authority of India with their innovative ideas/ services. Moreover, within the entrepreneur community, there happens to be very little information on various airport processes and priority areas. This combined with lack of private funding and prohibitive costs for developing some of the airport relevant solutions are major impediments for generating and deploying new ideas. Devolution of powers to the airports to drive innovations as

well as a structured reward and recognition matrix will go a long way in improving team morale and seed a culture of innovation within the organization.

The Airports Authority of India (AAI) Startup Policy lays down the guidelines to help Airport Authority of India as well as startups in relevant domains interact with one another. Through a reward and recognition matrix, it lists out steps towards inculcating a culture of innovation within AAI as well as onboarding startups to drive innovation at airports. This will ultimately help the airports across India become future-ready.

1. Innovation Pathways: Vision & Objectives

a) Vision: Create a culture of innovation at Airports Authority of India (AAI) by harnessing internal and external sources for 'best in class' passenger experience, operational efficiency, profitability and sustainability of AAI managed Airports.

b) Objective: The policy aims to achieve the following objectives-

- i. Deliver a framework & mechanism for interaction of AAI with internal and external stakeholders that catalyse innovation at airports
- ii. Leverage technology for addressing challenges and enhancing delivery of services to passengers
- iii. Identify and solve for bottlenecks which prevent adoption of innovative products/ services at Airports
- iv. Develop an enabling mechanism for grooming ideas into effective pilots which translate into eventual commercialization

2. Policy

To drive the various objectives identified above, the policy covers the following

- a) **Innovation Adoption Strategy** - Categorizing AAI roles and functions and defining the appropriate strategy for each category
 - a. Idea stage innovation seeding
 - b. Focus on Pilots
 - c. Enabling Deployment
- b) **Institutional Implementation Framework** for startups/innovation promotion
- c) **AirInnovationHub(AIHub)** – Online platform for information disbursement, call for applications, review and interactions
- d) **Seeding a culture of Innovation** – Other Key Initiatives within AAI

3. Definitions

For all purposes in the policy below mentioned definitions will be used-

- **Startups**- Startup means an entity, incorporated or registered in India:
 - Upto a period of seven years from the date of incorporation/registration or upto ten years in case of Startups in Biotechnology sector

- As a private limited company or registered as a partnership firm or a limited liability partnership
- With an annual turnover not exceeding Rs. 25crore for any of the financial years since incorporation/registration
- Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a ‘Startup’.

- **Incubator:** An organization designed to support Startup companies during the early stages to help develop a scalable business model through business support resources and services such as physical space, capital, coaching and mentoring, common services including corporate and legal services and providing networking opportunities.

Any entity funded or registered under any central or state government initiative support incubation shall also be considered as an incubator for this policy. For instance, Technology Business Incubator (TBI) under Department of Science & Technology, Atal Incubation Centre under NITI Aayog.

The incubator entity must be a registered entity falling under one of the following categories:

- a) Society (under The Societies Registration Act, 1860)
- b) Section 8 Company (under The Companies Act, 2013)
- c) A Company (under The Companies Act, 2013)
- d) Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)
- e) Public Charitable Trust (under The Indian Trusts Act, 1882)

The incubator entity should facilitate at least 3 months of in person or virtual interactions between its incubatee and mentors when in operation.

- **Startup Agency:** The external agency on boarded by Airport Authority of India (AAI) to provide the requisite domain knowledge and support in the implementation of the startup policy. The Startup Agency would be identified through an RFP process.

4. AAI Innovation Strategy

AAI’s mandate encompasses very diverse set of work functions. It ranges from complex technology intensive functions guided by strict protocols such as air traffic management to services like provision of intra-terminal green transport where greater flexibility exists in terms of the solution involved. Work profile of AAI can be broadly categorized into 2 groups depending on the level of customizations possible.

Category I: Medium level of customizations possible: For e.g Airside Operations, Baggage Handling, Safety & Security systems, Cargo Management, Passenger Delight, Robotics etc.

Category II: High level of customization possible: For e.g. IT & Data Management Systems, Landside-Operations, Waste Management, Renewable Energy etc.

While innovations are possible across all functions, typically higher the flexibility and customizations possible, greater is the possibility of directly onboarding startups and innovators into the delivery process. Moreover, there is typically a linear relationship between degree of customizations and the number of startups already working in the field.

Thus, different approaches are necessary to drive innovation across all the 2 identified buckets.

i. Focus on Pilots:

Category I functions primarily on the Operational aspects like Airside Operations, Baggage Handling, Safety & Security systems, Cargo Management, Passenger delight would require an initial exposure to the existing processes followed by product refinement and pilot testing at a few airports.

It is necessary for the startups to closely study the existing 'As Is' state to develop the right product/service fit. Moreover, it is also necessary to test the product at select airports to gauge the efficacy of the product/service. This initiative will need to be driven by the airports with oversight from the Central Headquarters team.

Since the delivery of the pilot may require purchase of critical equipment/ infrastructure as well as focused competencies to ensure its implementation, higher degree of funding support would be required depending on the nature of the project.

a. Idea 2 POC Grants:

Startups with solutions to identified Category I functional areas will be eligible. Pilot testing typically involves higher costs as the product/ service needs to be tested under real-world conditions at a few locations. Moreover, the cost of product fitment and development is often high due to the requirement of raw materials and purchase of specialized equipment. An **Idea to Proof of Concept (Idea 2 POC) grant upto Rs. 2 crores per startup** is proposed.

Startups will be judged basis the following criteria

- a) Relevance in terms of AAI's core mandate
- b) Potential incremental value add/ savings
- c) Innovativeness of idea
- d) Team capability in terms of ability to deliver
- e) Willingness of team to dedicate resources for the POC
- f) Criticality of problem that the startup is trying to serve

The grant would be applicable to the following set of startups/ innovators

- a) Entities which are recognized as Startups as per the definition of Department of Industrial Promotion & Policy (DIPP) as on the date of the application and are working in Category I related functional areas
- b) Startups/ Innovators which received AAI Idea stage grant and have demonstrated capability and willingness for converting the idea into a Proof of Concept.

Problem areas in Category I functions will be identified by airports. Startups would be invited to share their solutions through a call for applications. Startups can also upload their innovative solutions in the Category I functional areas even if it is not directly addressing an identified problem if they believe it will benefit the airports.

The evaluation will follow a 3 tier structure. The first level of evaluation will be done by the Champion Airport team in collaboration with a partner. The partner could be a local incubator, a local research institute, angel network etc. The Startup Agency will help in developing partnerships with the relevant partners. The approved startups will be sent to the Startup Agency for the second level evaluation. The startup agency will be responsible to undertake due diligence in terms of team compatibility, business proficiency. The startup agency will send the application for a detailed technical examination to sector experts identified by the startup agency. The sector experts may be drawn upon from within AAI or outside and a specific budget would be allocated to the Startup Agency for the same. If all conditions are satisfied, the application will be sent to CHQ for final approval. Besides evaluating the overall application, each level of evaluation will also comprise of an assessment of the cost breakup given by the startup and the

essentiality of the mentioned cost breakup to developing the pilot.

At the time of assigning the grant, specific deliverables along with timelines shall be defined. Follow on payments will be based on the satisfactory achievement of the defined deliverables.

Those who are awarded the Idea to POC grant, will need to set up their pilot at one or more airports.

IP rights emanating from the work carried out under the scheme can be retained by the innovator/entrepreneur. However, the first right of refusal for commercialization of validated POCs will be with Airports Authority of India. The commercial production/application must be set up with airports under Airports Authority of India. Commercialization of the POC outside of AAI Airports will be permitted with the approval of the Airports Authority of India.

A contractual agreement between AAI and the startup shall be signed at the time of on-boarding. The contractual agreement shall lay down the modalities of usage of IP on a case to case basis including commercialization outside of AAI and the loyalty fees accruable to AAI.

5. Re-imagining Procurement- For ease of procurement from Startups

Airports Authority of India (AAI) needs to ensure highest standards of quality of product/service offering as well as highest standards of product/ service delivery. To achieve this, AAI procurement process follow a guideline which sometimes becomes unfavorable for startups.

There are several key areas, especially in Category II, like aspects of renewable energy, waste, ground transportation etc.. where startups have infused a great deal of new energy and are flourishing. Several startups working in these fields have proven themselves to be competent in delivering high quality products/ solutions. However, because of unfavorable qualification criteria, they are often unable to directly compete in the bidding/ tender processes. These are sectors where startups need to be encouraged by creating a level playing field in terms of procurement processes. List of sectors under Category II where procurement from startups will be focused upon will be mentioned in operational guidelines. To improve ease of procurement from startups, AAI will follow a three- pronged approach-

- *Relaxation of procurement norms for Startups*- Government has released several notifications with an aim to promote procurement from startups.

These notifications include wavering of prior turnover and prior experience norms for Department of Industrial Policy and Promotion (DIPP) recognized startups. Government has also notified to relax Earnest Money Deposit (EMD) for recognized startups. AAI will implement these notifications to promote procurement from startups. Also, following provisions will have to be satisfied by startups for procurement –

- Start-ups shall confirm to meet the technical requirements of the product. However, it shall not be necessary to meet the required PTR, prior turnover/ net worth & EMD criteria.
- Start-ups shall be considered for relaxation only for those items/products for which they are recognized as a “Start-up”. Otherwise, they shall need to meet the required technical/ experience and Financial criteria.
- If a start-up confirms to meet the technical requirements of the product, capacity and capability assessment shall be carried out through demonstration route, as follows, based on below mentioned guidelines:
 - Design review along with shop survey shall be carried out to assess the supplier’s capability to manufacture and test the product, within the normal delivery schedule.
 - Similarly, assessment shall also be carried out to ascertain whether the works of the supplier under consideration have the capacity to manufacture and deliver the items of the required quantity, value and within the normal delivery schedule.
- Considering the assessed capacity to manufacture the product, Start-up entities may be qualified for only a corresponding limited quantity of products.

This capacity and capability assessment will be done by the empaneled startup agency in consultation with AAI’s team of the concerned department (department which has come up with the tender). AAI may also charge a nominal fee from the startup for this scrutiny. This nominal fee will be decided depending upon the time and level of scrutiny required. However, in no case will this fee be higher than Rs 50,000.

- *Simplified procurement through online call for Counterbidding*-For startups which have satisfactorily completed incubation cum funding program (for Category I functions) and have demonstrated innovativeness, a system of counter bidding may be deployed for procurement. They would need to submit an online proposal detailing out the uniqueness of their product, the value add for airport etc. This online process will be hosted on the AirInnovationHub (AIH- mentioned in point-10 of policy).

Such startup proposals will need to be forwarded to the empaneled startup agency for due diligence by respective Champion Airport teams where the pilots are conducted as part of Idea 2 POC grant. If it is accepted by the empaneled startup agency, it will be forwarded to CHQ for final approval to be opened up for counter bids.

Based on the accepted proposals, received from the startup, external startup agency will coordinate with the concerned department to create an RFP. Based on the RFP, AAI will call for bids from other parties for the procurement within a fixed timeline. Bids received from other parties will have to match or better the technical performance of startup's product. Those bidders who will be able to match the technical part with lower financial bids will be called along with the startup (with original proposal) to go for second round of bidding. The bidder with the lowest bid, after the second round of bidding, will be selected. This process will be time bound and will be closed within a month of receiving the initial proposal.

Moreover, the Government E-Marketplace (GeM) has simplified procurement processes for ministries and PSUs by developing an online marketplace of suppliers. Inclusion of startups on GeM has recognized them as an important supplier of innovative products to government. AAI is a major procurer of products on the GeM platform and will promote procurement of products from startups registered on GeM. For this, in addition to other initiatives, AAI will provide trainings to its officials about the "bidding route" present in GeM, specially made to procure innovative products from suppliers.

- ***Information marketing to increase greater participation*** - Low participation of startups in the procurement processes is often due to lack of information. To improve penetration of information of the various initiatives aimed at increasing participation of startups in the procurement process, AAI will use social media campaigns, SMS campaigns and other offline mediums of marketing to make information available to startups more easily.

Moreover, AAI will also conduct "Startup information conclaves" to promote its initiatives among stakeholders of the startup ecosystem. These conclaves will be conducted once in six months at Champion Airports (mentioned in section-6: AAI Innovation Factory) which would be open for all startups working in relevant focus sectors.

AAI will create a grievance redressal team to cater to the complains related to procurement specially from startups. This team will also provide training to the AAI's officials at the airport with regards to creating tenders which are innovation friendly.

6. IP

IP rights emanating from the work carried out under the scheme can be retained by the innovator/entrepreneur. However, the first right of refusal for commercialization will be with Airports Authority of India. The commercial production/application based on the idea must be set up with Airports Authority of India controlled airports.

Commercialization outside of AAI controlled airports will be permitted with the approval of AAI.

A contractual agreement between AAI and the startup shall be signed at the time of on-boarding. The contractual agreement shall lay down the modalities of usage of IP on a case to case basis including commercialization outside of AAI and the loyalty fees accruable to AAI. The startup agency in consultation with CHQ will help in drafting the IP agreement with the startup.

7. Exit Clause for Non – Performing projects

At the time of selection, a memorandum of understanding will be signed between the startups/ innovators and Airport Authority of India. The MoU will enlist roles and responsibilities as well as defined deliverables. Follow on funding will be basis the satisfactory completion of the defined deliverables. Due to the changing nature of technology and its unpredictability, there would be provision for a change in deliverables from time to time. The team at Champion Airport in consultation with the Startup Agency will be responsible for evaluating the satisfactory performance of the startups availing Idea 2 POC grant.

Any machinery or equipment purchased, utilizing the Idea to Proof of Concept (Idea2POC) grant would be considered the asset of Airport Authority of India.

The startups would need to submit utilization certificates to justify the fund allocation. The differential amount for which utilization certificates are not available, would need to be returned back by the startups to AAI.

Fund allocation will be done in tranches and fulfilment of agreed deliverables would be considered for follow on fund distribution.

8. AAI Startup Policy Implementation Framework:

AAI will create a 3- tiered structure, a champion airport team (CAT) at identified airports, sector experts team and a Central oversight committee constituted at the Central Headquarter (CHQ) level for implementation of the startup policy. The Central Oversight Committee will comprise of a team of 4 -5 members drawn from Research

& Development team (R&D), Business Development (BD), Information Technology (IT), Finance of AAI. Concerned Member, Airports Authority of India, will head the CHQ level Central Oversight Committee (CHQ Team). This team will be supported by a startup agency. The startup agency will comprise of individuals with experience of the startup ecosystem. Further details regarding the empaneled agency are given in point 9 of the policy.

Central Oversight Committee will be majorly responsible for leading discussions on strategy for embedding innovation at airports. They will also be the final evaluators of the viability of ideas/ proof of concept applications.

AAI will designate 10 airports as “Champion airports”. These Champion airports would be designated based on existing passenger footfall, maturity of local startup ecosystem and regional inclusiveness. In addition, 4 ANS hubs would also act as Champion Airports. Details of these Champion airports and ANS hubs will be mentioned in operating guidelines of the policy. The Champion Airports would constitute a designated Champion Airport team for the implementation of the startup policy. This team will be headed by the respective Airport Director and would comprise of 2-4 nodal officers designated by the Airport Director. They would also be ably supported by the empaneled startup agency in the discharge of their duties as per the AAI Startup Policy. The Champion Airport team will be responsible for sourcing of ideas/ innovations, conducting an initial evaluation about the idea/ innovation and recommending them to the Central Oversight Committee for consideration. The Champion Airport team will manage space for the startups to sit and work besides providing any other facilitation which is relevant.

9. AAI Startup Agency:

Innovation and startup promotion require focused efforts as well as the relevant skill sets. Hence an AAI startup team is necessary to ensure the AAI Startup Policy is executed in the right spirit. In Phase 1, 4 resources led by a Mission Head would be hired and based out of Delhi. Subsequently, each of the champion airports will have a dedicated resource. The startup team will report directly to Chairman, AAI.

i. Scope of Work for Startup Agency:

Leadership Functions

- Studying global best practices and mapping out areas for making Indian airports future ready
- Coordinating with other departments to identify priority areas and problems that can be solved by startups
- Forging partnerships with external stakeholders like incubators, funds, corporates as well as other government departments/ states.

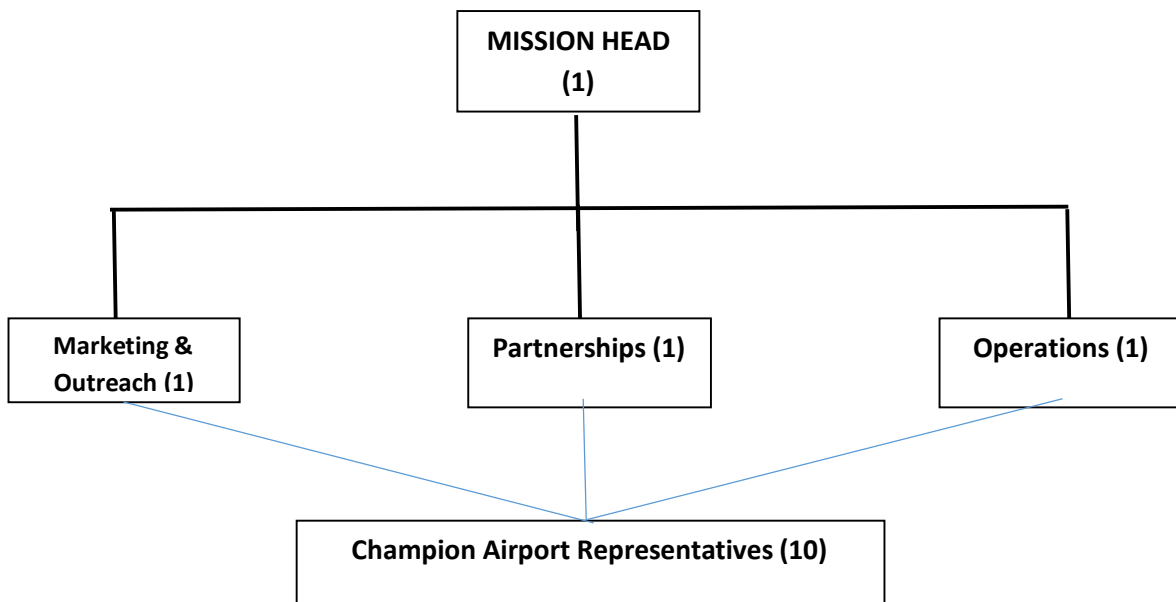
- Conducting events, summits etc to drive innovation for airports and bring stakeholders on a common platform
- Devising new strategies, initiatives and regular updates to existing activities/ policy for promoting innovation and startups

Implementation Functions

- Outreach strategies of the various initiatives relevant for startups including social media, marketing and events.
- Assisting in evaluation of startups in terms of procurement as well as monetary incentives i.e monthly assistance and Idea 2 POC funds
- Assist in developing IP contracts between startups and AAI
- Coordinating with other departments and airports for the benefit of startups and effective implementation of policy
- Ensuring timely payments as well as assisting in evaluation of progress made by startups/ innovators

ii. Startup Agency Structure:

The Start-up Agency will be initially led by a Mission Head and 3 other representatives based out of New Delhi. The team would be subsequently expanded to have a representative at each of the Champion Airports.



The Startup Agency will report to Chairman, AAI and the ED- IT, AAI. They will work closely with Operations, IT, BD, R&D teams besides the respective Airport Directors.

iii. Startup Agency Selection:

An RFP will be floated for hiring of the agency which will provide the relevant resources needed for the discharge of duties of the AAI Startup Policy.

Organisations and companies working in the field of innovation, startups etc shall be ideal partners to be the Startup Agency for Airport Authority of India. These may include incubators, angel networks, VC funds, dedicated innovation promotion organisations etc. The respective organisations/ companies would need to commit the above-mentioned resources on full – time basis to AAI for the discharge of duties as Startup Agency.

10. AirInnovationHub (AIH):

Information regarding the various outreach activities as well as processes involved in Airport functions is critical to invite startups to share their ideas/ products with AAI. Similarly, it is also essential to ensure transparency in the application and onboarding process for startups.

An Information dissemination platform- AIRINNOVATIONHUB (AIH) will be developed by AAI which will have the twin objectives of relevant information dissemination as well as serving as an online platform for implementation of the various elements of this Startup Policy. This may be in the form of a microsite created within the existing Airport Authority of India official webpage or may be integrated with the R&D Hub website.

A query resolution cell will also be made to provide information about the innovation activities/programs being run by the AAI and will be integrated with AIH with help of Toll free number and chat interface. This cell will be based at Champion Airport level.

11. Boost to Innovation culture-

To ensure continuous improvements and sustainability of efforts towards onboarding of new technologies/innovation or startups within the functioning's of Airport Authority of India, there is a need to develop a culture of innovation within the organization. For this objective,the below mentioned organizational level initiatives will be taken up-

i. **Best Practices sharing mechanism-**

To improve larger scale adoption of internal innovations, AAI will develop a best practice sharing mechanism.

Innovations at the airports will be divided into 4 pillars and the best innovative airport/s in each category will be awarded “Best Innovative Airport” for that category in a yearly competition organized by the CHQ. Airports will be able to submit their innovations in each category which will be subject to a rigorous evaluation mechanism. The best innovations will be showcased centrally.

This mechanism will not only promote innovation adoption but will also increase interaction among airports of different regions thus catalyzing generation of new ideas.

Innovation categories, evaluation parameters and other details will be elaborated in the operational guidelines of the policy

ii. **Solve for Airports-**

AAI will partner with other Aviation Partners including those from outside of India, to organize hackathons/ Grand challenges. Winners of the challenge will get an opportunity to work with the Innovation factory of AAI or with partner aviation authority to implement their solutions which have a global reach.

iii. **Innovation Wall-**

AAI is blessed with prime infrastructure space as well as a target audience which includes C-Suite executives, heads of government etc. With the objective of increasing commercialization of AAI’s innovative solutions/products and cross-domain adoption of its innovations, an Innovation wall will be made at Champion Airports. These innovation walls will showcase the key innovations/products developed in Innovation Factories of AAI or internally within the teams of AAI. Innovation walls will make use of new age information display systems such as AR/VR tools or interactive display screens to show selected innovations in the best possible way.

12. CONCLUSION

The popularity of air travel is increasing at a rapid pace among Indians aided by the emergence of low-cost airlines as much as the speed of travel. This is leading to higher stress at the airport with increased work towards managing passenger traffic, cargo, the vehicle for pick-up & drop, trolley management, baggage handling and cleanliness among few of the key issues. Thereby, AAI welcomes innovations and Startups from both within AAI as well as from outside to work with AAI to build, design and deploy

cutting-edge innovative solution across different verticals of the Airport. AAI through this policy aims to support such innovation and Startups through pilot opportunities, cash grants, incubation offer, relaxed procurement and most importantly by providing access to information relevant for innovating.

Annexure-1_B

PUBLIC PROCUREMENT LINKED WITH LOCAL CONTENT (PP-LC) ORDER 2017.

Public procurement (Preference to Make in India policy 2017) (PP-LC) has been notified and effected vide order dated 15-06-2017 of Govt. of India to encourage and promote manufacturing and production of goods and services in India with a view to enhancing income and employment.

In order to implement 'Make in India' public procurement policy 2017 (PP-LC) following shall be considered and applicable uniformly for procurement of goods and service including turn-key works, across all disciplines in Airports Authority of India (AAI).

1. LOCAL SUPPLIER:-

Local Supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content i.e. 50 % of total value of the product or services.

2. LOCAL CONTENT:-

'Local content' means the amount of value added in India in the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value in percent.

FORMAT FOR CALCULATION OF LOCAL CONTENT IN GOODS / SERVICES:

	Name of the bidder	
	Item name & sl.no. BOQ	
A	Total value of the item procured excluding net domestic indirect taxes	Rs.
B	Value of imported content in the item including Custom Duties	Rs.
C	Local content i.e. amount of value added in India [A-B]	Rs.
D	Percentage of Local content $\frac{C}{A} \times 100$	%

For the purpose of local content salary / professional fees paid in Indian Rupees (INR) to India-based foreign employees will be treated as local content, if they are ordinarily resident in India for a longer period (6 months or more). However, salary / professional fees paid to foreign professionals coming to India on short term basis, or payments made in foreign currency, will not be treated as local content.

3. DEFINITION OF L1:-

‘L1’ means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

4. MARGIN OF PURCHASE PREFERENCE:-

‘Margin of purchase preference’ means the maximum extent to which the price quoted by a local supplier above the L1 for the purpose of purchase preference, shall be 20 %, which shall be firm during particular procurement transaction.

5. INCREASE OF LOCAL CONTENT:-

Local content can be increased through partnership, cooperation with local companies establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them. The following conditions shall also be applicable.

- (a) Consortium of firms should not comprise more than two firms.
- (b) Joint venture firm as a single unit or each member of consortium should have Permanent Account Number (PAN).
- (c) Both the members of consortium must meet fully, jointly or as a single unit of Joint Venture (JV) the required PQC.
- (d) A detailed and valid agreement exists between the consortium members defining clear role, responsibility and scope of work of each member along with nomination of leader for the purpose of work under consideration commensurate with their experiences and capabilities and a confirmation that the members of the consortium assume joint and several responsibilities. It shall be mandatory for lead partner to attend all progress review meetings and shall be answerable to all issues relating to the project.

(e) In all procurements, the leader of the consortium of firm shall meet 80% of the qualification criteria of NIT and shall accept overall responsibilities of contractual obligations for the total scope of work during execution and up to defects liability period. Second local partner of the consortium shall meet 40% of the PQC (Pre-Qualification Criteria).

Note: - Percentage figures in clause no. 5(e) above are modifiable with the prior approval of ED/ Member concerned where ever needed or applicable. For example: -

- i. Procurements with imported superior technology seldom used earlier in India, local firm is interested to participate but does not have sufficient experience and low competition is anticipated.
- ii. Procurements with imported superior technology but never used before in India, local firm is interested to participate but does not have sufficient experience and low competition is anticipated.

There may be other situation also needing application of this measure.

(f) Both the consortium firm should jointly possess the required Tools & Plants, Machinery and manpower and should produce self-attested documentary proof of owning and possessing required machinery.

Note: - It can be struck off/ deleted where ever not needed or not applicable.

6. Manufacture under license/ technology collaboration agreements with phased indigenization:-

6.1 If the product developed abroad, is being manufactured in India with the stipulated percentage (50%) of local content, under license from foreign manufacturer who holds intellectual property right and having technology collaboration agreement/ transfer of technology agreement with Indigenous manufacturer, is acceptable under this policy. Nodal Ministry may also reduce the requirement of stipulated local content subject to clear phasing of increase of local content.

6.2 Local content being manufactured in India but supplied by overseas bidder who has venture and bona-fide agreement with Indian manufacturer under License /Technology Collaboration agreements with phased Indigenization, the payment can be made in foreign

currency to non local bidder also subject to adjustment of taxes as applicable and prevailing regulation of RBI & Government of India. It can also be given in Indian National Rupees [INR] to local manufacturer through bona-fide bidder, subject to implementation of prevailing regulation of Government of India & RBI.

7. Verification of local content:-

- a) The local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
 - b) In case of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
- 8.** A local supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or (ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Local supplier/ bidder shall mean those entities which meet any of these tests with respect to India.

9. PURCHASE PREFERENCE (LINKED WITH LOCAL CONTENT) (PP-LC) AND ITS IMPLEMENTATION:-

According to Make in India policy 2017, Purchase preference shall be given to local suppliers in all the procurement, in the manner as given in following clauses, if nothing otherwise notified by MOCA.

- 9.01** It is presumed that sufficient local capacity and local competition exist in country for procurement of goods where the estimated value of procurement is Rs.50 lacs or less but above Rs.5 lacs, & only local supplier shall be eligible.
- 9.02** In-procurement of goods, up-to and less than Rs. 5 lacs, shall be exempted from implementation of public procurement linked with local content policy to the bidder being small purchases. However, it shall be ensured by procuring entities that procurement is not split for purpose of avoiding the provisions of this policy.

9.03 In-procurement of goods where the estimated value of procurement is more than Rs. 50 lacs and which are divisible in nature, the following procedure shall be followed.

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
- ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local suppliers quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local supplier, then such balance quantity may also be ordered on the L1 bidder.
- iii. Local suppliers/ bidders are further classified as Make in India (MII) bidder or MSME bidder if so, the purchase preference shall be considered for award as per illustrations given below in table 1.

	Table-1
<p>Case-1 If bid participation trend is that - All the bids are from MII (local bidders) and no MSME (local bidder).</p>	100 % order quantity will be awarded to L-1 bidder.
<p>Case-2 If bid participation trend is that - (a) L-1: MII (local bidder). (b) Lowest MSME (local bidder) falling within price preference of 15%. (c) No Non - local bidder</p>	80% of order quantity will be awarded to L-1 bidder and 20% of order quantity will be awarded to lowest MSME (local bidder), ready to match price of L-1.
<p>Case-3 If bid participation trend is that - (a) L-1:Non-local bidder. (b) Lowest MII (local bidder). (c) No MSME (local bidder).</p>	<p>(i) 50 % of order quantity will be awarded to L-1. (ii) Remaining 50 % of order quantity to be awarded to lowest MII (local bidder) if falling within 20 % price preference, provided, ready to match price of L-1.</p>
<p>Case-4 Where lowest MSME (local bidder) quote is higher than the lowest MII (local bidder). And bid participation trend is that - (a) L-1: Non-local bidder. (b) Lowest MII (local bidder) falling within price preference of 20% and his price is lower than the MSME vendor. (c) Lowest MSME falling within price preference of 15%.</p>	<p>(i) 50 % quantity will be awarded to L-1. (ii) 40 % of order quantity will be awarded to lowest MII (local bidder) and 10 % of order quantity will be awarded to lowest MSME (local bidder) provided, ready to match the price of L-1.</p>

<p>Case-5</p> <p>Where lowest MII (local bidder) quote is higher than the lowest MSME (local bidder).</p> <p>And bid participation trend is that -</p> <p>(a) L - 1: Non-local bidder.</p> <p>(b) Lowest MSME (local bidder) falling within price preference of 15%.</p> <p>(c) Lowest MII (local bidder) falling within price preference of 20%.</p>	<p>(i) 50 % of order quantity will be awarded to L-1.</p> <p>(ii) Remaining 50 % of order quantity will be awarded to lowest MSME (local bidder) provided, ready to match L-1 price.</p>
---	--

9.04 In-procurement of goods where the estimated value of procurement is more than Rs. 50 lacs and which are not divisible in nature, the following procedure shall be followed.

- a) Among all qualified bids, the lowest bid will be termed as L1, if L1 is from a local supplier, the contract for full quantity will be awarded to L1.
- b) If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price failing within the margin of purchase preference of 20 % of L-1 price, and the contract shall be awarded to such local supplier subject to matching the L1 price.
- c) In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price then the contract may be awarded to the L1 bidder.

Page Left
Blank

Sub: Undertaking of Authenticity from Desktops and Server Supplies

Sub: Supply of IT Hardware/Software – Desktops and Servers

Ref: 1. Your Purchase Order No. -----dated-----.

2. Our invoice no/Quotation no. -----dated-----.

With reference to the Desktops and Servers being supplies / quoted to you vide our invoice no/quotation no/order no. cited above, we hereby undertake that

1. All the components/parts/assembly/software used in the Desktops and Servers under the above like CPU, Hard disk, Monitors, Memory, software etc shall be original new components / parts / assembly / software only, from respective OEMs of the products and that no refurbished / duplicate / second hand components/ parts/ assembly/ software are being used or shall be used.

We also undertake that in respect of licensed operating system if asked for by you in the purchase order, the same shall be supplied along with the authorised license certificate (eg: Product Keys on Certification from the authorised source (eg: authorised Microsoft channel in case of Microsoft Operating System).

Should you require, we hereby undertake to produce the certificate from our OEM supplier in support of above undertaking at the time of delivery / installation. It will be our responsibility to produce such letter from our OEM suppliers at the time of delivery or within a reasonable time after delivery as mutually agreed.

In case of default and we are unable to comply with above at the time of delivery or during installation, for the IT hardware/Software already billed, we agree to take back the Desktops and Servers without demur, if already supplied and return the money if any paid to us by you in this regard. We (system OEM name – applicable if the supplier is OEM himself) also take full responsibility of both Parts & Service SLA as per the content even if there is any defect by our authorized service centre/Reseller/SI etc.

Authorised Signatory

Name:

Designation:

Place:

Date:

Page Left
Blank

Chapter 2

Need Assessment, Indenting of Materials and Procurement Planning

2.1 Need assessment:

- 2.1.1 Procurements should be initiated only based on an Indent from User Department. The competent authority in the User Department initiating the indent for procurement shall first determine and consolidate the need (including anticipated requirement) for the subject procurement.
- 2.1.2 The User Department shall consolidate their requirements and take in-principle approval of the competent authority and shall maintain all documents relating to the determination and approvals of the needs assessed for procurement. All indents shall be approved in-principle by the one level higher than the TS authority with Chairman, having the full powers. Such approvals shall be obtained by the concerned department or the procuring entity as the case may be.
- 2.1.3 During need assessment the following issues are decided:
 - 2.1.3.1 Expression of need and methods of satisfying the needs - buying/ outsourcing/ hiring etc.
 - 2.1.3.2 Explicit statement if the need is for a new facility (if no such equipment / facility already allocated) or for replacement / upgradation of an existing facility.
 - 2.1.3.3 Compatibility and inter-operability with existing infrastructure or Systems / solutions.
 - 2.1.3.4 The quantity of the subject matter of procurement and units of the Quantity (wherever necessary and easily available).
 - 2.1.3.5 Time frame / schedule and place of product/ service delivery.
- 2.1.4 Indents are thus generally generated for the following purposes:
 - 2.1.4.1 For provision of new facilities / equipment.
 - 2.1.4.2 For provision of new facility / equipment as per policy (wherever such policy exists).
 - 2.1.4.3 For replacement of old equipment / Systems (life span / technological obsolescence- With due justification and Survey Report & write-off process).
 - 2.1.4.4 For expansion/ up-gradation/ extension of existing System / facility (With due justification).
 - 2.1.4.5 Induction / Introduction of new technology
 - 2.1.4.6 Requirement of Test and Repair facility

- 2.1.4.7 Requirement for Hardware/ Software repair support contract etc.
 - 2.1.4.8 Requirement for Annual Maintenance Contract (AMC) – as per approved annual plan.
 - 2.1.4.9 Requirement for Annual Maintenance Contract (AMC) – Not as per approved annual plan.
 - 2.1.4.10 Requirement of New / up-gradation of existing telecommunication or data links facilities.
 - 2.1.4.11 Requirement related trial testing/development activities
 - 2.1.4.12 Requirement for services of all types including temporary manpower requirements.
- 2.1.5 No in-principle approval shall be required for indents under para 2.1.4.2, 2.1.4.3 and 2.1.4.8 above.
- 2.1.6 For procurement of spares / annual maintenance contracts / other regular services contracts / consumables / revenue items etc, annual plan should be prepared and approved by the competent authority. The competent authority for such approvals shall be the RED in the regions, ED level APD's at their stations, Principal CATC and Concerned Member at CHQ. Subsequent to the approval of the annual plan no in-principle approval is required for such procurement of goods and services within the approved budget outlay.
- 2.1.7 The requirement for integration or expansion of existing system may be clearly projected by user department while seeking approval of the indents. Provisioning of same make & model including the Proprietary requirements should be clearly spelt out in the indents submitted for approval before submission of the indents to the procurement department.
- 2.1.8 All requirements shall be compiled for approval and forwarded to the procurement department as per the (Indent) Annexure-2_A. This may not be applicable for the ANS procurements.
- 2.2 Consolidation of Indents for provision of Goods and Services
- 2.2.1 Once Indents from multiple departments / users are received the procurement department should compile all the requirements for the next procurement activity.
 - 2.2.2 Detailed description and specifications of the assessed requirement is of fundamental importance in ensuring value for money, transparency and competition ensuring level playing field in procurement.
 - 2.2.3 Hence the procurement department should involve subject matter experts in preparation of the detailed description and specifications for meeting the requirement of the users.

- 2.2.4 The sources of the procurement particularly wherever limited sourcing options are available should be indicated. Except in case of proprietary purchase from a selected single source, reference to brand names, catalogue numbers or other details that limit any materials or items to specific manufacturer(s) should be avoided as far as possible. Where unavoidable, such item descriptions should always be followed by the words “or substantially equivalent”. In case of proprietary purchases from a single source (or multiple partners of a single source) the Proprietary Article Certificate (PAC) must be issued as per the provisions in the subsequent chapters. If the item under procurement is not proprietary in nature but is still required to be procured from a single source due to compatibility or integration related issues it can be processed as single offer negotiation ab-initio basis as provided for in the DoP.
- 2.2.5 The Survey Report & write-off process should be completed wherever the goods and services are to be replaced due to life span / technological obsolescence.
- 2.2.6 The rough cost estimation at the time of consolidation of the requirement from different departments is a vital element in various procurement processes and approvals. Therefore, it should be worked out in a realistic and objective manner. The prevailing market price ascertained through a market survey or budgetary quotations from one or more prospective suppliers or published catalogues/ Maximum Retail Price (MRP) printed on the item are the main source for establishing the estimated cost of items for which no historic data is available. It may be noted that MRPs usually include significant margins for distributors, wholesalers and retailer. The rates available on Gem portal can also be used for cost estimation. If the indent estimate is based on the last tender / procurement activity (not older than one year) than a reasonable escalations to cater for inflation, price increases of raw materials, labour, energy, statutory changes, price indices, foreign currency fluctuations and so on should be factored in to make them usable in conditions prevailing currently. In case of foreign currencies, the rate should be reduced to a common denomination of Indian Rupees.
- 2.2.7 All Indents shall be compiled / consolidated if received from different sources and not already compiled as per format attached as Annexure-2_B.

2.3 Budgeting

- 2.3.1 Budgeting process for the next year begins as early as in the month of July - August when all the designated units of AAI should start conceptualizing the schemes for taking up in the next financial year, side by side reviewing the projections for the current year for any revision that might be necessary as weighed against the project execution plans and performance on ground.
- 2.3.2 Both Budget estimates (BE) for the next financial year and the Revised Estimates (RE) for the current year need to be pursued seriously.
- 2.3.3 Procurement plans of regional stations and RHQ which utilize budget allocated to CHQ schemes should compile their requirements (including requirements of the stations within the region) and forward the same in a specified time frame to be included in the CHQ budget layout.
- 2.3.4 **Types of Expenditure Budget:**
- 2.3.4.1 **Revenue Expenditure Budget:** Revenue budget is planned for the expenses of revenue nature such as staff payments, house-keeping item, stationery, spares, components and routinely required Repair jobs, Maintenance both breakdown and routine, Replacement of Parts, Servicing of equipment etc. No separate A/A & E/S is required for expenses under the revenue head (Fund Centre) for planned schemes approved once on annual basis (Under Annual Action Plan) or procurements as per the duly approved policy of AAI e.g. uniform items, fire safety items etc. However, A/A& E/S is to be obtained in case of special repair projects, import of spares under revenue schemes, new AMC contracts, unplanned expenditure of revenue nature etc.
- 2.3.4.2 **Capital Expenditure budget:** Capital budget is planned for the procurement of goods / equipment of Capital nature and is organized under three schemes as below.
- 2.3.4.2.1 A-1: Schemes / Projects which are likely to complete during the same financial year.
- 2.3.4.2.2 A-2: Critical on-going scheme / projects during the financial year. Such projects may even extend to the next financial year.
- 2.3.4.2.3 A-3: It contains new schemes.

2.3.5 **Budget Formats**

- 2.3.5.1 Budget requirements should be forwarded in the formats circulated by the department of finance from time to time.

2.3.6 **Budget Control and Monitoring**

- 2.3.6.1 Budget projections and utilizations should be monitored closely throughout the year for its effective control. Budget performance has to be periodically communicated to the RED / respective department of CHQ for effective control, monitoring and management. For the projects of high importance, Project Monitoring Tools shall be utilized. Statics on quarter wise budget utilization should be closely monitored and scrutinized from the perspective of pro-rata utilization of allocated budget.

2.3.7 **Appropriations and Re-appropriation**

- 2.3.7.1 Appropriation means assignment of funds to meet specified expenditure. Re-appropriation means the transfer of funds from one budget head (Fund Centre) / scheme of appropriation to another such budget head (Fund Centre) / scheme / unit. No expenditure on a work should be incurred without funds having been allotted for it by appropriation or re-appropriation.

- 2.3.7.2 In exceptional and emergent cases, Competent Authority can authorize expenditure on works in anticipation of the allotment of funds or in excess of the funds allotted for the purpose, but such authorization must be regularized subsequently by a formal allotment of funds to the extent required as per provision of DOP. These funds so allocated should be projected in RE/BE as the case may be.

- 2.3.7.3 Re-appropriation of funds should be obtained from the Competent Authority whenever (as per DOP) the budget provisions in the scheme fall short. Re-appropriations should be taken up as per the procedure in the Budgeting policy and to be included in RE.

- 2.3.7.4 Allotment of funds either through approved budget or by re-appropriation is meant to cover all the planned payments of current financial year including the liabilities of the past years to be paid during the current year.

- 2.3.7.5 For accord of AA&ES the budget allocation against a particular scheme shall be utilized. Incase there is shortfall in any scheme / work the same can be met from the overall commitment budget provision of the Directorate. If there is a shortfall to meet budget requirement under overall allocation of a Directorate this shortfall

can be met from the overall savings of the commitments budget of some other directorate with proper coordination with finance and the concerned department. The same procedure shall be adopted for the expenditure budget also.

2.4 Cost Estimation for Administrative Approval & Expenditure Sanction

- 2.4.1 Cost estimate is the first step for the purpose of AA&ES. If the cost estimate during indenting and in-principle approval stage is based on ballpark figures (rough estimation) then making accurate and detailed cost estimation is essential before AA&ES. Estimated cost is even otherwise very vital element from the perspective of establishing reasonableness of prices at the time of evaluation of tender. Therefore, it should be worked out in realistic & objective manner.
- 2.4.2 Specifications describing the quality of the items being procured should be worked so that the solution is technically as close to the final solution as possible. This exercise should fix the quantity and the desired quality and the delivery location should be finalized before finalization of the estimation process. The scope of the complete work including the delivery conditions, installation requirements, training needs and the guarantee / warrantee requirements should also be clearly defined in the proposed scope of the work before preparation of the estimate.
- 2.4.3 The specifications may be prepared based on the requirements of the user department taking help (wherever available) from the relevant SARPs based on ICAO Annexes and Docs, DGCA CAR, Specification of other similar purchases by AAI or other organizations around the world in near future. Finally market survey for similar systems through OEM's literature, Internet or Technical presentations by leading suppliers etc may also be taken into account.
- 2.4.4 The specifications so prepared should be based on open standards and should be broad enough to avoid restrictive practices.
- 2.4.5 It is also required to add requirement of system configuration in terms of System capacity and size, integration requirements, redundancy requirement, requirement of specialized Test equipment / bench, if any, future extended warranty support requirement etc as these parameters are having a cost impact and help vendor to provide a realistic budgetary estimate.
- 2.4.6 In case of new projects on emerging technology where detailed back up references / experience for preparation of estimates are not available, detailed review of technical aspects from Vendor market may be obtained in complete form by way of vendor interaction or call of expression of interest from prospective vendors or references to Internet websites. This exercise is to get the complete input of the projects on market trends in respect of technical specifications, product availability and costing, etc. Under special cases, help from consultants or organizations like, ISRO, FAA, ICAO, Air-services etc. can be obtained.

- 2.4.7 Detailed project report (where dependencies in execution involve multiple departments) is required to be prepared for projects costing more than Rs.50 crores. Services of consultants may be hired on case to case basis after obtaining specific approval from Competent Authority. DPR shall be concurred by all the associate agencies involved in the project.
- 2.4.8 Civil and Electrical engineering dependencies / Requirements / Integration with IT systems etc (if applicable) may also be studied and their estimated cost shall also be included in the project cost so as to give a complete picture to the approving authority.

2.4.9 Sources for Cost Estimate

2.4.9.1 After assessing and finalizing technical specifications and system configuration for the procurement of the goods and services as per the in-principle approval, budgetary costs shall be obtained from following sources:

- 2.4.9.1.1 If the similar System/ Equipment was procured in the last three years, then the estimated cost can be taken from previous purchases provided the equipment under purchase have almost same specifications and configurations in terms of operational features, capacity & quantity provided there is no significant change in the costs. The estimate shall be suitably modified taking into rate of annual inflation and also the currency conversion rate to arrive at justified estimate.
- 2.4.9.1.2 All efforts shall be made to invite budgetary quotes from the reputed Original Equipment Manufacturers (OEM) / their authorized agents / Channel Partners of the goods and services under consideration for procurement based on the quantity and quality parameters worked out for the purpose. It is desirable to obtain at least three budgetary quotes as far as possible. Officer preparing the estimate shall also explore the possibility of obtaining Market cost through Internet or any other available sources like Gem portal etc. Market situation shall be accessed in a comprehensive and realistic manner.
- 2.4.9.1.3 For new Technology procurements for which sufficient Technical knowhow is not available, route of Expression of Interest may be followed for framing the technical specifications and cost estimation for the purpose of AA&ES.
- 2.4.9.1.4 Sometimes the goods under procurement have not been procured in near past and estimate cost is also not available from the open market due to obsolescence but equipment is operational at Airports. Under such cases the estimated cost from the past experience of purchases shall be considered as justified after making adjustments for inflation and conversion rate of foreign exchange. However, officer processing the case shall bring out the efforts made in obtaining the estimated cost

through market/ Internet/ reputed suppliers for information of the approving authority.

2.4.10 Preparation of Cost Estimate

2.4.10.1 Once the Budgetary cost is obtained from different sources, it is required to prepare cost estimate by taking the average cost quoted by bidders. Care should be taken while preparing cost estimate that there should not be a vast difference in the prices provided by different vendors. In such cases, very high quote or low quote may be neglected to bring the estimated cost to a realistic value. Matter may be properly justified before putting-up the proposal for AA&ES by the officer preparing the cost estimate.

2.4.11 Additional costs to be included in AA&ES

2.4.11.1 While preparing for AA&ES, following should be included in the AA&ES cost

2.4.11.1.1 Estimated cost of equipment is required to be separated for products, Software (if any) & Services. For equipment with embedded software or bundled software, costs have to be ascertained as composite system with no extra implication on software costs. However, wherever the software is not bundled with the hardware / equipment its cost should be estimated as an independent cost.

2.4.11.1.2 Cost of specialized Test jig/ bench requirement (if any), future extended warranty support requirement, training, spares requirement (if any), as these parameters are having a cost impact and helps to prepare estimated cost to a near value.

2.4.11.1.3 Cost of Hardware / software / maintenance / operational onsite manpower deployment (on regular / need basis) etc (if required) which is generally not included in the standard warranty.

2.4.11.1.4 All applicable taxes & duties (customs duties, GST / taxes).

2.4.11.1.5 Freight & Insurance Charges (Typically 3% of the estimated equipment cost until unless specifically mentioned in the budgetary quote.)

2.4.11.1.6 Estimated Cost of Civil, Electrical & other Works

2.4.11.1.7 Estimated cost of UPS of appropriate rating/reliable power supply with surge protection (wherever required)

2.4.11.1.8 Comprehensive Annual Maintenance Cost (CAMC) (post Guarantee / Warrantee period) for 2-5 years may on predetermined CAMC rates on FOB or Basic estimated cost may also be added on case to case basis.

2.4.11.1.9 Contingency expenses (Typically 3% on the cost of estimate. Contingency provision is meant to meet the expenses of press advertisements, press tender notices, minor works arising due to site conditions and contingent to main work for its

completion. This provision shall also be utilized to meet contingent expenses in project work like providing furniture for field offices/work places, project stationery, photocopiers, computers, printing/typing charges, engaging temporary workers / manpower for project jobs and vehicle purchase or on hire charges etc as per site requirements. Procurement of items such as telephone, cell phone, computer, Photocopier, procuring or hiring of vehicles etc. should be governed by the policy of AAI and with the approval of Competent Authority.

2.4.11.1.10 Pre-AA&ES activities like engagement of consultant for preliminary study etc may also be reflected in the AA&ES.

2.4.11.1.11 AA&ES could be broken into sub-works / subheads if they need to be performed independently and can be assigned to different teams.

2.5 Administrative Approval and Expenditure Sanction (AA&ES)

2.5.1 Formal acceptance of the proposal for the procurement of goods and services by the Competent Authority is termed as “Administrative Approval”. Financial concurrence to the cost of the proposal by the Competent Authority is termed as “Expenditure Sanction”. Administrative Approval and Expenditure Sanction (A/A & E/S) should be accorded simultaneously by the Competent Authority as per DOP after concurrence of finance. It is essential to indicate availability of funds for the scheme. Tender action for the procurement under budgeted schemes or otherwise can be initiated only after taking A/A & E/S.

2.5.2 In case of urgency the tender action can be taken even without the accord of formal AA&ES with the approval of the competent authority (Authority competent to accord in-principle approval / AA&ES to the proposal). However, even in such situations the financial bids of the tenders should be opened and processed only after the accord of AA&ES.

2.5.3 “AA&ES” amount should include total financial implication to AAI including PF/ESI/Bonus and all taxes and duties (as applicable). However, in view of circular dated 10/08/2018, the amount of estimated cost or bid value of an expenditure proposal to be considered for following the financial limit to decide on Competent Authority to approve a proposal under existing DoP shall be excluding all Indirect Taxes like GST, Customs Duty etc”.

2.6 Permissible Expenditure in Excess over A/A & E/S

2.6.1 If the actual expenditure on a project or scheme, other than statutory increases does not exceed more than 10% of the amount originally sanctioned, then there is no need for revised A/A & E/S. In case the actual expenditure exceeds this limit or likely to exceed this limit, revised A/A & E/S should be obtained from the Competent Authority as per the power

delegated in the Delegation of Power. The excess expenditure over and above the budget provision amount will have to be met from the allocated budget provision or by re-appropriation (if budget is not in the allocated head / fund centre) with the approval of Competent Authority as per DOP. Once a revised AA&ES is obtained the 10% excess expenditure will apply to the revised AA&ES amount subject to the TS authority certifies that the expenditure is essentially required for completion of the procurement / SITC project as per site conditions. The deviations / extra items shall be dealt separately as per deviation / extra item clause.

2.6.2 Any change in scope of work shall also require revised AA&ES from the Competent Authority.

2.7 Proposals forwarded to F&A for concurrence may contain the following details :-

2.7.1 Indent from the users with approval documents

2.7.2 Consolidation of Indents (As per Annexure-2_B) if required – wherever there are multiple requirements.

2.7.3 In-principle approval of Competent Authority

2.7.4 Justification of the proposed expenditure

2.7.5 Budget provisions

2.7.6 Availability of site station / location wise (If required)

2.7.7 Budgetary quotes

2.7.8 Statutory requirements, if any.

2.7.9 Survey report, duly approved by the Competent Authority, in case of replacement of the existing assets. In case equipment has outlived its normal life, tender action against replacement may be initiated, however, a parallel action is required to be initiated so as to minimize the lead time for procurement.

2.7.10 If the proposal pertains to RHQ / station but exceeding the Power Delegated, the view / recommendations of the Local / Regional Finance Head.

2.7.11 Minutes of the Airport Users Consultative Committee (AUCC) meeting in cases of Major Airports.

2.7.12 Ratio of funding i.e. Debt / Equity would require to be mentioned in case proposal exceeds Rs.100 Crores.

2.7.13 Model of procurement to be followed i.e. Capex / Opex with justification.

2.7.14 Modes of procurement to be followed as per para 4.1 of the manual.

2.8 Issue of AA & ES

2.8.1 Once the Competent Authority, as per D.O.P. accords the Administrative Approval and Expenditure Sanction, a formal order needs to be issued in format available at Annexure-2_C.

2.9 Formulation of Technical Specifications

2.9.1 Based on the Technical Specifications projected in the estimate document against which AA & ES has been accorded, final Technical Specification are to be finalized. This requires a greater technical attention to the scheme,

and to take care of any technological up-gradation that might have taken place during the processing time for AA & ES. Detailed technical specifications of equipment / systems to be procured are required to be firmed up after assessing technical requirement and market survey. Efforts are made at this stage to adopt standard specifications (wherever available / applicable) from ICAO / FAA / NFPA / BIS / other organizations documents etc. If no such standards are available the specifications be based on the market / internet survey etc. It is essential to broad-base the specifications for competitive bidding so that it does not mirror a particular brand. However, such generalization should not be at the cost of the quality of the product. The idea is to ensure adequate competition to secure best price for quality products, lower prices and wide choice for source selection.

2.9.2 The Technical Specifications constitute the benchmarks against which the Procuring Entity will verify the technical responsiveness of bids and, subsequently, evaluate the bids. Therefore, well-defined Technical Specifications will facilitate the preparation of responsive bids by bidders as well as examination, evaluation and comparison of the bids by the Procuring Entity. It would also help in ensuring the quality of the supplied goods.

2.9.3 The procuring authority should ensure that the Technical Specification should:

- 2.9.3.1 Provides a level playing field and ensures the widest competition;
- 2.9.3.2 Technical Specifications be unambiguous, precise, objective, functional, broad based/ generic, standardized (for items procured repeatedly) and measurable. Technical Specifications should be broad enough to avoid restrictions on participation of genuine bidders.
- 2.9.3.3 Set out the required technical, qualitative and performance characteristics to meet just the bare essential needs of the Procuring Entity without including superfluous and nonessential features, which may result in unwarranted expenditure. However, the operational requirements of the users should never be compromised in drafting the technical specifications.
- 2.9.3.4 Normally be based on standards set by the Bureau of Indian Standards (BIS), wherever, such standards exist. In the absence of BIS standards, TS may be based on the relevant International standards (such as ICAO parameters or other parameters).

- 2.9.3.5 All dimensions incorporated in the specifications shall be indicated preferably in metric units.
- 2.9.3.6 Comply with sustainability criteria and legal requirements of environment or pollution control and other mandatory and statutory regulations, or internal guidelines, if any.
- 2.9.3.7 Make use of best practices, examples of specifications from successful similar procurements within organization or in the other departments, organisations or sector may provide a sound basis for drafting the Technical Specifications.
- 2.9.3.8 Avoid procurement of obsolete goods (unless required operationally for maintenance of existing equipment etc). The goods purchased should be new, unused and of the most recent based on current models and industry trends.
- 2.9.3.9 Should have emphasis on factors such as efficiency, optimum fuel/ power consumption, use of environmental-friendly materials, reduced noise and emission levels, low maintenance cost, and so on.
- 2.9.3.10 **Discourage procurement involving evaluation of samples.** Calling for a sample along with the tender and deciding on the basis of evaluation of the sample may NOT be done. No sample should be called for or evaluated along with the bids. If desired, a purchaser's reference sample may be displayed for prospective tenderers to illustrate the desired indeterminable characteristics, which final supplies from successful bidder(s) will have to meet in addition to the specifications/ drawings. If required, in addition to the purchaser's reference sample, the provision for the submission of a pre-production sample matching the purchaser's sample by successful bidder(s) may be stipulated for indeterminable characteristics, before giving clearance for bulk production of the supply. Accordingly, such testing requirements of prototype samples shall be indicated in detail in specific tenders for advance notification to the vendors.

2.9.4 **Essential Technical particulars:** The essential Technical particulars to be specified in the tender document shall include the following to the extent applicable for a particular purchase:

- 2.9.4.1 Scope of supply and, also, end use of the required goods;
- 2.9.4.2 All essential technical, qualitative, functional, environmental and performance characteristics and requirements (such as material composition, physical dimensions and tolerances, workmanship and manufacturing process wherever applicable, test schedules (if any), including guaranteed or acceptable maximum or minimum

values, as appropriate. Whenever necessary, the user may include an additional format for guaranteed technical parameters (as an attachment to the bid submission sheet), where the bidder shall provide detailed information on such technical performance characteristics in reference to the corresponding acceptable or guaranteed values;

- 2.9.4.3 Drawings;
- 2.9.4.4 Requirement of the BIS standards / other international standards, wherever applicable.
- 2.9.4.5 Requirement of an advance sample, if any, at the post contract stage before bulk production;
- 2.9.4.6 Special requirements of preservation, packing and marking, if any;
- 2.9.4.7 Inspection procedure for goods ordered and criteria of conformity;
- 2.9.4.8 Requirements of special tests or type test certificate or type approval for compliance of statutory requirements with reference to pollution, emission, noise, if any;
- 2.9.4.9 Other additional work and/or related services required to achieve full delivery/ completion, installation, commissioning, training, technical support, after-sales service and Annual Maintenance Contract (AMC) requirements, if any;
- 2.9.4.10 Warranty requirements;
- 2.9.4.11 Qualification criteria of the bidders, if any; and
- 2.9.4.12 Any other aspects peculiar to the goods in question such as shelf life of the equipment, and so on.

2.9.5 At times, it may be required to take the help of the manufacturers in giving finishing touches to the specifications. This is done through inviting technical solutions/ proposals to our requirements. If required, Pre-bid conference can also be called. The minutes of the pre-bid meeting are to be circulated through CPP portal.

2.9.6 The technical specifications framing team should be approved by the TS authority and should preferably be different from the tender inviting team. The said committee shall endeavor to complete the assigned task of framing the Technical Specifications within given time frame and shall submit its report to the TS Authority for further processing. However, the procuring entity / department should ensure that there is no change in scope of work as included in AA & ES. If it is essential to make a change in the scope of work (due changes in technology or site requirements) and the cost goes up by more than 10% of AA&ES than a revised AA & ES should be taken detailing the circumstances and necessities.

2.10 Accord of Technical Sanction (TS)

2.10.1 The specifications so framed are to be approved by the TS Authority as per Delegation of Powers (DOP). Wherever the powers are delegated to APD / GM or APD / Jt GM, the powers can be exercised by either of the two

officers. Preferably the power should be exercised by the Department (cadre) officer (wherever such officer is available).

- 2.10.2 Once the Technical Sanction has been formally accorded by the TS Authority a formal TS may be issued as per Format at Annexure-2_D. Like AA & ES document, it also needs description on different activities. Each activity when elaborated, as per the requirement of the scheme, shall record the technical aspect of the scheme in detail for any future reference. As stated earlier, AA & ES can be split into sub-works, with each sub-work processed for separate TS. Combined TS can also be taken and then work is divided into sub-works for tendering, etc. TS document also discusses the method of execution, eg. Open Tendering, Limited Tendering etc. Procurement on Proprietary item basis or without call of tenders, the method of execution proposed for other than open tendering needs to be justified in line with the general guidelines of DOP.
- 2.10.3 AA&ES is obtained based on the general Technical specification but TS is obtained based on the final Technical specification validated by a committee or by a nominated officer based on the latest Technology available in the market. This is very important particularly in areas of fast changing technology.

2.11 Requisition for Emergency Purchase

- 2.11.1 Emergency Purchase covers all goods and services required urgently for various activities during new installations and repairs including break down maintenance of equipment / items which have an impact on security and safety of operations and services. This is resorted to when normal procedures cannot be followed considering the urgency of requirement.
- 2.11.2 As a matter of principle, all materials, service requirements should be planned in advance and emergency procurements should be avoided. However, if the need arises, Indents for requirement of various items /services which are urgent and not foreseen will be raised with due justification of circumstances of the emergent requirement and time line for meeting the requirement. Emergency requirements will be authorised by an Executive at least DGM level (AGM/ SM / Manager level wherever DGM level officer is not available. Chairman AAI shall have the full powers in respect of emergency procurement.
- 2.11.3 Efforts should be made to take the emergency items through the Annual Rate Contract vendors for similar items and services.

2.11.4 In emergency situations Chairman AAI shall have the full powers to accept proposals to meet the emergencies.

2.12 Procurement Planning

2.12.1 After receipt of the Indent, the Procuring Entity should take following decisions to initiate procurement, to ensure conformity to the Procurement Guidelines:

2.12.1.1 Within 10 (Ten) working days of receipt of the indent from the user Department, the procuring authorities should critically review the description and specifications enclosed with the indent for completeness/ approvals/ funding and possibility of the widest competition and seek clarifications from the indenting officer, if needed, before initiating such procurement;

2.12.1.2 **Reassessment of the quantity and appropriate aggregation of quantities of various users:** The procuring authority shall normally neither package nor divide its procurement or take any other action so as to limit competition among bidders or to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand. Provided that in the interest of efficiency, economy, timely completion or supply, wider competition or access to MSEs, a procuring authority may, for reasons to be recorded in writing, divide its procurement into appropriate packages or club requirements of other users for procurement. Packaging of the contract and procurement planning should be done keeping in view the availability and possibility of eliciting the interest of the qualified firms, effective competition for the type and size of the contract and access to MSEs. For example for a particular contract, material to be procured may constitute more than 50 (fifty) per cent of the total cost of works or there are services which are a mix of consultancy services with substantial element of goods, such as procurement of an IT system. Such procurement could be done as a single composite contract comprising all components or divided into separate contracts for each category of procurement depending upon the level of integration required. In all such situations, the dominant aspect of the requirement and value for money aspects of a composite all-inclusive contract versus dividing the contract into respective categories should be carefully examined at the time of need assessment/ Procurement Planning.

- 2.12.1.3 Selection of a system of bidding (single/two stage; single/two bids; suitability for e-Procurement or reverse auction);
- 2.12.1.4 Select the mode of procurement (open tenders, limited tenders, single tenders, rate contracts, and so on);
- 2.12.1.5 Decisions on the timeframe for completing various stages of procurement, which should be declared in the pre-qualification/bidder registration or bidding documents. The Procuring Entity should endeavour to adhere to the time limit so decided and record reasons for any modification of such limits; and

Annexure-2_A

Indent for Goods

Name of Indenting Office _____

Indent No.:		Date:	
Dept:			
Goods are required by Date			

Details of the Items Indented

Sr. No	Item Description	Unit	Qty Indented	Reasons for Requirements	Requirement New (N) / Replacement (R)

Details of the Consignee

Sr. No	Consignee	Address	Place of delivery	Quantity

Is proprietary certificate attached: Yes (Y) / No (N)	
---	--

Indenting officer (Name / Signature)

Signature of HOD

Approved in-principle

Signature of Member Concerned / RED / APD

Page Left
Blank

Page Left
Blank

Annexure-2_C

AA&ES No:-----

Dated : -----

ADMINISTRATIVE APPROVAL & EXPENDITURE SANCTION

SUBJECT: AA & ES for -----(Name of the work)

1. The administrative approval and expenditure sanction of -----(Authority according AA&ES), Airports Authority of India is hereby conveyed for an amount of Rs.-----/- (Rupees -----only) for the ----- (Name of the work) as per details given below.

Sr. No.	Description (Sub-head wise)	Unit	Amount without Indirect taxes in INR	Indirect Taxes & Duties (INR)	Total Amount (INR) (incl. all taxes / duties)	Remarks
1.						
2.						
3.						
	Total					
Total (In Words)						

2. The expenditure shall be debit-able to ----- (Budget Cost Centre). The expenditure of Rs-----/- towards the -----(Name of the work) shall be booked by Re-appropriation of funds from the -----(Budget Cost Centre if applicable).
3. The work shall be carried out by -----(Executing office).
4. This issues with the concurrence of -----(Authority according AA&ES) vide Diary No. ----- dated -----.

(-----)

Project Manager / Incharge

Internal:

1. ED (F&A)
2. PS to Member concerned
3. Others as applicable

Page Left
Blank

Annexure-2_D

TS No.

Date:

Technical Sanction

Subject: TS for -----(Name of the work)

Name of Work: (Sub Head Wise)	
Total AA&RES Amount for the work	
AA&ES No. & Date	
Sub Head Details	Cost Sub Head wise
Sub-Head-1 (Replace by Component)	-
Sub Head-II (Replace by Component)	-
Sub Head-III (Replace by Component)	
Contingency (Lump Sum)	
Total for the Project (X)	
Total TS (Including this TS)	(X) + Sum of all old TS under the same work

Proposed for Technical Sanction for an amount of Rupees only.

Dated:

Project Manager / In-charge

Recommended

Recommending Authority

Accorded Technical Sanction for an amount of Rupees only.

TS Authority

Internal:

- 1. ED (F&A)**
- 2. PS to Member concerned**
- 3. Others as applicable**

Page Left
Blank

Chapter - 3

SUPPLIER RELATIONSHIP MANAGEMENT

3.1 Supplier Relationship Management

Supplier Relationship Management comprises the following functions:

3.1.1 Ensuring compliance of suppliers to the Code of Integrity for Public Procurement and Integrity Pact (CIPP) if stipulated in Bid Documents;

3.1.2 Temporary restrain and banning/ debarment of firms; and

3.2 Code of Integrity For Public Procurement (CIPP)

3.2.1 Procuring authorities as well as bidders, suppliers, contractors and consultants should observe the highest standard of ethics and should not indulge in the following prohibited practices, either directly or indirectly, at any stage during the procurement process or during execution of resultant contracts:

3.2.2.1 “Corrupt Practice”: making offers, solicitation or acceptance of bribe, rewards or gifts or any material benefit, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process or contract execution;

3.2.2.2 “Fraudulent Practice”: any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an obligation avoided. This includes making false declaration or providing false information for participation in a tender process or to secure a contract or in execution of the contract;

3.2.2.3 “Anti-Competitive Practice”: any collusion, bid rigging or anti-competitive arrangement, or any other practice coming under the purview of The Competition Act, 2002, between two or more bidders, with or without the knowledge of the Procuring Entity, that may impair the transparency, fairness and the progress of the procurement process or to establish bid prices at artificial, non-competitive levels;

3.2.2.4 “Coercive Practice”: harming or threatening to harm, persons or their property to influence their participation in the procurement process or affect the execution of a contract;

3.2.2.5 “Conflict Of Interest”: participation by a bidding firm or any of its affiliates that are either involved in the consultancy contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or if the bidding firm or their

personnel have relationships or financial or business transactions with any official of Procuring Entity who are directly or indirectly related to tender or execution process of contract; or improper use of information obtained by the (prospective) bidder from the Procuring Entity with an intent to gain unfair advantage in the procurement process or for personal gain; and

- 3.2.2.6 “Obstructive Practice”:** materially impede the Procuring Entity’s investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and/or by 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 by impeding the Procuring Entity’s rights of audit or access to information;

3.2.2 Punitive Provisions

Without prejudice to and in addition to the rights of the Procuring Entity to other penal provisions as per the bid documents or contract, if the Procuring Entity comes to a conclusion that a (prospective) bidder/ supplier, directly or through an agent, has violated this code of integrity in competing for the contract or in executing a contract, the Procuring Entity may take appropriate measures including one or more of the following:

- 3.2.4.1** if his bids are under consideration in any procurement
- 3.2.4.1.a** Forfeiture or encashment of bid security;
 - 3.2.4.1.b** Calling off of any pre-contract negotiations; and
 - 3.2.4.1.c** Rejection and exclusion of the bidder from the procurement process.
- 3.2.4.2** if a contract has already been awarded
- 3.2.4.2.a** Cancellation of the relevant contract and recovery of compensation for loss incurred by the Procuring Entity;
 - 3.2.4.2.b** Forfeiture or encashment of any other security or bond relating to the procurement;
 - 3.2.4.2.c** Recovery of payments including advance payments, if any, made by the Procuring Entity along with interest thereon at the prevailing rate.
- 3.2.4.3** Provisions in addition to above:
- 3.2.4.3.a** Banning/ debarment of the bidder from participation in future procurements of the AAI for a period not less than one year;

3.2.4.3.b In case of anti-competitive practices, information for further processing may be filed under a signature of the authorized official level officer, with the Competition Commission of India;

3.2.4.3.c Initiation of suitable disciplinary or criminal proceedings against any individual or staff found responsible.

3.3 Integrity Pact (IP)

The Pre-bid Integrity Pact is a tool to help Governments, businesses and civil society to fight corruption in public contracting. It binds both buyers and sellers to ethical conduct and transparency in all activities from pre-selection of bidders, bidding and contracting, implementation, completion and operation related to the contract. This removes insecurity of bidders, that while they themselves may abjure bribery, but their competitors may resort to it and win contract by unfair means.

Ministry of Finance, Department of Expenditure have mandated Ministries/ Departments and their attached/ subordinate offices (including autonomous bodies) to incorporate Integrity Pact by, depending on the nature of procurements/ contracts above a threshold value. The threshold limit for the applicability of IP in AAI is as given below:

Sl. No.	Name of Department	Threshold Limit
1.	Engineering Works	INR ₹ 5 crores
2.	CNS, AS, IT, Tech, Land and Comml.	INR ₹ 2.5 crores
3.	Stores	INR ₹ 1 crores
4.	BOO Works	INR ₹ 1 crores

Any change in the threshold limit, in future, shall be applicable.

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

- 3.3.1 Promise on the part of the Procuring Entity to treat all bidders with equity and reason and not to seek or accept any benefit, which is not legally available;
- 3.3.2 Promise on the part of bidders not to offer any benefit to the employees of the Procuring Entity not available legally and also not to commit any offence under Prevention of Corruption Act, 1988 or Indian Penal Code 1860;
- 3.3.3 Promise on the part of bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts; etc.
- 3.3.4 Undertaking (as part of Fall Clause) by the bidders that they have not and will not sell the same material/ equipment at prices lower than the bid price;
- 3.3.5 Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- 3.3.6 Bidders to disclose any past transgressions committed over the specified period with any other company in India or Abroad that may impinge on the anti-corruption principle;
- 3.3.7 Integrity Pact lays down the punitive actions for any violation.
- 3.3.8 A standard copy of the Integrity pact based on the above general principles is prepared and attached as Annexure-3_A.
- 3.3.9 **Integrity Pact (IP) would be implemented through a panel of independent external Monitors (IEMs):** IEM's shall be appointed by the organization in consultation with Central Vigilance Officer. Names and contact details of the Independent External Monitor(s) should be listed in Notice Inviting Tender (NIT). The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact. Government of India organizations and Public Sector Undertakings desirous of implementing Integrity Pact are required to select at most three persons (below the age of 70 (seventy) years) of high integrity and reputation as Independent External Monitors (IEM) after due diligence and forward to the CVO for its approval. Only those officers of Government of India Departments or Public Sector Undertakings, who have retired from top management positions, would be considered for appointment as IEM, provided they are neither serving or retired from the same organization. Eminent persons, retired judges of High/ Supreme Courts, executives of private sector of considerable eminence could also be considered for functioning as Independent External Monitors. The appointment of Independent External Monitors would be for an initial period of three years and could be extended for another term of two years (maximum tenure of five years). Names and contact details of the

Independent External Monitor(s) should be listed in Notice Inviting Tender (NIT).

3.3.10 In tenders meeting the criteria of threshold value/ nature of procurement:

Integrity Pact clause and format should be included in the Bid Documents. Each page of such Integrity pact proforma would be duly signed by Purchaser's competent signatory. All pages of the Integrity Pact are to be returned by the bidder (along with the technical bid) duly signed by the same signatory who signed the bid, i.e. who is duly authorized to sign the bid and to make binding commitments on behalf of his company. Any bid not accompanied by Integrity Pact duly signed by the bidder shall be considered to be a non-responsive bid and shall be rejected straightway.

3.3.11 Role/Functions of IEMs: The Monitors would not be subject to instructions by the representatives of the parties and should perform their functions neutrally and independently. They would review independently and objectively, whether and to what extent parties have complied with their obligations under the Integrity Pact. For this purpose, they would have access to all contract documents/ books of accounts of the bidders in case of any allegation of violation of any provisions of the Integrity Pact or payment of commission, whenever required. The IEMs will have the option to participate in such meetings among the parties related to the project provided such meetings could have an impact on the contractual relations between the parties. Ideally all IEMs of an organization should meet once every two months to take stock of ongoing tendering process. The IEMs would examine all complaints received by them and give their recommendations/ views to the designated officer of the Procuring Entity, at the earliest. The Monitors would also inform the Procuring Entity, if they notice or have reason to believe, a violation of the Integrity Pact. They may also send their report directly to the Central Vigilance Commission, in case of suspicion of serious irregularities requiring legal/ administrative action. At least one IEM would be invariably cited in the NIT. However for ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs, who would look into the records, conduct an investigation, and submit their joint recommendations. The recommendations of IEMs would be in the nature of advice and would not be legally binding. IEMs may not be equated with consultants in the Procuring Entity. Their role is independent in nature and the advice once tendered would not be subject to review. The role of the Chief Vigilance Officer (CVO) of Procuring Entity shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO, if a complaint is received by him or directed to him by the CVC.

3.4 Debarment of Suppliers

3.4.1 Temporary Debarment – restrain

3.4.1.1 Whenever a supplier is found lacking in performance, in case of less frequent and less serious misdemeanours, the suppliers may be put on a temporary debarment / restrain category for a period upto 12 (twelve) months after following the approval of authority one level higher than the accepting authority with the final authority being the Chairman AAI. When a supplier is on the temporary debarment / restrain, he is neither invited to bid nor are his bids considered for evaluation during the period of the holiday. Performance issues which may justify temporary debarment / restrain of the vendor are:

3.4.1.1.1 Vendors who have not responded to requests for quotation / limited tenders consecutively three times without furnishing valid reasons or as decided by the functional manager with the approval of competent authority;

3.4.1.1.2 Repeated non-performance or performance below specified standards (including after sales services and maintenance services);

3.4.1.1.3 Suppliers undergoing process for banning/ debarment may also be put on a holiday listing during such proceedings, if so recommended by the competent authority.

3.4.2 Debarment from AAI: Debarment from participating in any procurement process undertaken by AAI, for a period not exceeding three years, if there is strong justification for believing that the proprietor or employee or representative of the firm has been guilty of violation of the Code of Integrity for Public Procurement or Integrity Pact, evasion or habitual default in payment of any tax levied by law; serious performance issues despite repeated reminders etc. AAI will maintain such list which will also be displayed on its website.

3.4.3 Temporary Debarment / restraint or Debarment Procedures

3.4.3.1 Punitive actions of various grades of debarment against the suppliers should be examined by a Committee (constituted by RED / ED level APD for contracts / works awarded at region / Airport or by concerned ED at CHQ level) and approved by authority one level higher than the approving authority with Chairman being the final authority. Due to principles of natural justice, it should be treated as a quasi-judicial function following principles of natural justice. The procuring unit will furnish lists of such suppliers who have committed misdemeanours listed in paras above to the one level higher than the approving authority for considering various grades of debarment. On receipt of information from Departments or suo moto, the Committee should examine and recommend to issue a show cause notice to such firms by the concerned department. The Committee may also recommend a temporary debarment / restraint during the process

considering the severity of demeanour. The supplier should be given adequate opportunity (including an oral hearing by the competent authority) to make representations. If the response to the show cause notice is not satisfactory or not acceptable, such firms should be put on suitable grade of debarment, depending on the severity of the misdemeanour. Appeals would lie at a level higher than the competent authority with Chairman being the highest authority. In case of Debarment from AAI, the procuring unit will maintain such list which will also be displayed on website of AAI.

3.4.4 Safeguarding AAI's Interests During Debarment of Suppliers:

Suppliers are important assets for the procuring entities and punishing delinquent suppliers should be the last resort. It takes lot of time and effort to develop and mature a new supplier. In case of shortage of suppliers in a particular group of materials/ equipment, such punishment may also hurt the interest of AAI. In case of shortage of suppliers and in cases of less serious misdemeanours, the endeavour should be to pragmatically analyse the circumstances, reform the supplier and get a written commitment from the supplier that his performance will improve. If this fails, efforts should be to see if a temporary debarment can serve the purpose.

AAI should also examine the impact of the debarment on other projects being executed by the same supplier / vendor in AAI at the same or other locations. If those projects are running satisfactorily than efforts should be made to insulate those projects from the impact of debarment in the current case.

Page Left
Blank

PRE CONTRACT INTEGRITY PACT

This Pact made thisday of between Airports Authority of India, a body corporate constituted by the Central Government under the Airports Authority of India Act,1994 and having its Corporate Office at Rajiv Gandhi Bhawan, New Delhi, and offices atin India, hereinafter called the Authority (which term shall unless excluded by or is repugnant to the context, be deemed to include its Chairman, or Member, Executive Directors, Airport Directors ,officers. or any of them specified by the Chairman in this behalf, and shall also include its successors and assigns) of the one part

AND

..... represented by
..... of the other part, hereinafter called the “ Bidder/Contractor “
(which term shall unless excluded by or is repugnant to the context be deemed to include its heirs, representatives, successors and assigns of the Bidder/ Contractor)

WHEREAS the Authority intends to award, under laid down organizational procedures, tender/ contract for _____. The Authority, while discharging its functions on business principles, values proper compliance with all relevant laws and regulations, and the principles of natural justice, ethics, equity, fairness and transparency in its relations with the Bidders/ Contractors.

WHEREAS the Authority is desirous to make its business mechanism more transparent, thus to ensure strict adherence of the aforesaid objectives/goals, the Authority hereby adopts the instrument developed by the renowned international non-governmental organization “ Transparency International” (T I) headquartered in Berlin (Germany).The Authority will appoint an Independent External Monitor (IEM) who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

AND WHEREAS the Bidder is submitting a tender to the Authority for _____
_____ in response to the NIT (Notice Inviting Tender) dated Contractor is signing the contract for execution of

NOW, therefore,

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

Enabling the Authority to obtain the desired said stores/equipment/execution of works at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and

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

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

1. Commitments of the Authority

- 1.1** The Authority undertakes that no official of the Authority, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the BIDDER, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.
 - 1.2** The Authority will, during the pre-contact stage, treat all BIDDERS alike, and will provide to all BIDDERS the same information and will not provide any such information to any particular BIDDER which could afford an advantage to that particular BIDDER in comparison to other BIDDERS.
 - 1.3** All the officials of the Authority will report to the appropriate authority office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.
- 2.** In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER to the Authority with full and verifiable facts and the same is prima facie found to be correct by the Authority, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Authority and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Authority the proceedings under the contract would not be stalled.

- 3. Commitments of Bidders / Contractor :** The Bidder/Contractor commits itself to take all measures necessary to prevent corrupt practice, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commit itself to the following:-

The Bidder/Contractor will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Authority, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the contract.

3.1 The Bidder/Contractor further undertakes

3.1.1 That it has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Authority or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the contract or any other contract with the Authority for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Authority.

3.1.2 That it has not entered and will not enter with other bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specification, certifications, subsidiary contracts, submission or non-submission of bids or any actions to restrict competitiveness or to introduce cartelization in the bidding process.

3.2 The Bidder/Contractor shall, when presenting his bid, disclose the name and address of agents and representatives and Indian BIDDERS shall disclose their foreign principals or associates.

3.3 The Bidder/Contractor shall when presenting his bid disclose any and all the payments he has made or, is committed to or intends to make to agents/brokers or any other intermediary, in connection with this bid/contract.

3.4 The Bidder/Contractor further confirms and declares to the Authority that the BIDDERS is the original manufacturer/integrator/ authorized government sponsored export entity of the stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Authority or any of its functionaries, whether officially or unofficially to the award of the contract to the BIDDERS, nor has any amount been

paid, promised or intended to be paid to any such individual, firm or company in respect of any such intercession, facilitation or recommendation.

- 3.5 The Bidder/Contractor, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the Authority or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.
- 3.6 The Bidder/Contractor will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.
- 3.7 The Bidder/Contractor will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.
- 3.8 The Bidder / Contactor shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Authority as part of the business relationship, regarding plans, technical proposals and business details, including information contained in any electronic data carrier. The Bidder / Contractor also undertakes to exercise due and adequate care lest any such information is divulged.
- 3.9 The Bidder/Contractor will inform to the Independent External Monitor, if
 - 3.9.1 He receives demand for an illegal/undue payment/benefit.
 - 3.9.2 He comes to know of any unethical or illegal payment/benefit.
 - 3.9.3 He makes any payment to any Authority's associate(s)
- 3.10 The Bidder/Contactor commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.
- 3.11 The Bidder/Contactor shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.
- 3.12 If the Bidder/Contractor or any employee of the Bidder/Contractor or any person acting on behalf of the Bidder/ Contractor, either directly or indirectly, is a relative of any of the officers of the Authority, or alternatively, if any relative of an officer of the Authority has financial interest/stake in the Bidder's/Contractor's firm, the same shall be disclosed by the Bidder/Contractor at the time filing of tender. The term 'relative' for this purpose would be as defined in Section 6 of the Companies Act 1956.
- 3.13 The Bidder/Contractor shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Authority.

- 3.14 That if the Bidder/ Contractor, during tender process or before the award of the contract or during execution of the contract/work has committed a transgression in violation of section 2 or in any other form such as to put his reliability or credibility as Bidder/Contractor into question, the Authority is entitled to disqualify him from the tender process or to terminate the contract for such reason and to debar the BIDDER from participating in future bidding processes.

4. Previous Transgression

- 4.1 The Bidder/Contractor declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify Bidder's exclusion from the tender process.
- 4.2 The Bidder/Contractor agrees that if it makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason and he may be considered for debarment for future tender/contract processes.
- 4.3 That the Bidder/Contractor undertakes to get this Pact signed by the sub-contractor(s) and associate(s) whose value of the work contribution exceeds Rs 0.5 Crores (Rupees zero point five Crores) and to submit the same to the Authority along-with the tender document/ contract before contract signing.
- 4.4 That sub-contractor(s)/ associate(s) engaged by the Contractor, with the approval of the Authority after signing of the contract, and whose value of the work contribution exceeds Rs 0.5 Crores (Rupees Zero point five Crores) will be required to sign this Pact by the Contractor, and the same will be submitted to the Authority before doing/ performing any act/ function by such sub-contractor(s)/ associate(s) in relation to the contract/ work.
- 4.5 That the Authority will disqualify from the tender process all Bidder(s) who do not sign this Pact or violate its provisions or fails to get this Pact signed in terms of section 4.3 or 4.4 above.
- 4.6 That if the Contractor(s) does/ do not sign this Pact or violate its provisions or fails to get this Pact signed in terms of Section 4.3 or 4.4 above. Authority will terminate the contract and initiate appropriate action against such Contractor(s).

5. Earnest Money, Security Deposit, Bank guarantee, Draft, Pay order or any other mode and its validity i/c Warranty Period, Performance guarantee/Bond.

While submitting bid, the BIDDER shall deposit an EMD/SD/BG/DRAFT/PAY ORDER ETC I/C WARRANTY PERIOD, PG/BOND, VALIDITY ETC, which is as per terms and conditions and details given in NIT / tender documents sold to the Bidders.

6. Sanctions for Violations/ Disqualification from tender process and exclusion from future Contracts.

- 6.1** Any breach of the aforesaid provisions by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER) shall entitle the Authority to take all or any one of the following actions, wherever required:-
- 6.1.1** To immediately call off the pre contract negotiations without assigning any reason or giving any compensation to the BIDDER. However, the proceedings with the other BIDDER(s) would continue.
 - 6.1.2** To immediately cancel the contract, if already signed, without giving any compensation to the BIDDER.
 - 6.1.3** If the Authority has disqualified / debarred the Bidder from the tender process prior to the award under section 2 or 3 or 4, the Authority is entitled to forfeit the earnest money deposited/bid security.
 - 6.1.4** To recover all sums already paid by the Authority, and in case of an Indian BIDDER with interest thereon at 2% higher than the prevailing Prime Lending Rate of State Bank of India, while in case of a BIDDER from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the BIDDER from the Authority in connection with any other contract or any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.
 - 6.1.5** To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the BIDDER, in order to recover the payments, already made by the BUYER, along with interest.
 - 6.1.6** To cancel all or any other Contracts with the BIDDER. The BIDDER shall be liable to pay compensation for any loss or damage to the Authority resulting from such cancellation/rescission and the Authority shall be entitled to deduct the amount so payable from the money(s) due to the BIDDER.
 - 6.1.7** To debar the BIDDER from participating in future bidding processes for a minimum period of three years, which may be further extended at the discretion of the Authority.
 - 6.1.8** To recover all sums paid in violation of this Pact by BIDDER(s) to any middleman or agent or broker with a view to securing the contract.

- 6.1.9** In case where irrevocable Letters of Credit have been received in respect of any contract signed by the Authority with the BIDDER, the same shall not be opened.
- 6.1.10** Forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.
- 6.1.11** That if the Authority have terminated the contract under section 2 or 3 or 4 or if the Authority is entitled to terminate the contract under section 2 or 3 or 4, the Authority shall be entitled to demand and recover from the contractor damages equivalent to 5% of the contract value or the amount equivalent to security deposit or performance bank guarantee (PBG) , whichever is higher.
- 6.1.12** That the Bidder / Contractor agrees and undertakes to pay the said amount without protest or demur subject only to condition that if the Bidder/Contractor can prove and establish to the satisfaction of the Authority that the disqualification / debarment of the bidder from the tender process or the termination of the contract after award of the contract has caused no damage to the Authority.
- 6.2 The Authority will be entitled to take all or any of the actions mentioned at para 6.1(i) to (xii) of this Pact also on the Commission by the BIDDER or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER), of an offence as defined in Chapter IX of the Indian Penal code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption.
- 6.3 That if the Bidder/Contractor applies to the Authority for premature revocation of the debarment and proves to the satisfaction of the Authority that he has installed a suitable and effective corruption prevention system and also restored/recouped the damage, if any, caused by him, the Authority may, if thinks fit, revoke the debarment prematurely considering the facts and circumstances of the case, and the documents/evidence adduced by the Bidder/Contractor for first time default.

- 6.4 That a transgression is considered to have occurred if the Authority is fully satisfied with the available documents and evidence submitted along with Independent External Monitor's recommendations/ suggestions that no reasonable doubt is possible in the matter.
- 6.5 The decision of the Authority to the effect that a breach of the provisions of this Pact has been committed by the BIDDER shall be final and conclusive on the BIDDER. However, the BIDDER can approach the Independent External Monitor(s) appointed for the purpose of this Pact.

Allegations against Bidders/Contractors/ Sub-Contractors/ Associates: That if the Authority receives any information of conduct of a Bidder/ Contractor or Sub-Contractor or of an employee or a representative or Associates of a Bidder, Contractor or Sub- Contractor which constitute corruption, or if the Authority has substantive suspicion in this regard, the Authority will inform the Vigilance Department for appropriate action.

7. Independent External Monitor(s)

- 7.1 That the Authority has appointed competent and credible Independent External Monitor(s) for this Pact.
- 7.2 The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact. He will also enquire into any complaint alleging transgression of any provision of this Pact made by the Bidder, Contractor or Authority.
- 7.3 That the Monitor is not subject to any instructions by the representatives of the parties and would perform his functions neutrally and independently. He will report to the Chairperson of the Board of the Authority.
- 7.4 That the Bidder / Contractor accepts that the Monitor has the right to access without restriction to all project documentation of the Authority including that provided by the Bidder/Contractor. The Bidder/Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation including minutes of meeting. The same is applicable to Sub – Contractors and Associates. The Monitor is under obligation to treat the information and documents of the Authority and Bidder/ Contractor/ Sub-Contractors/ Associates with confidentiality.

- 7.5 That as soon as the Monitor notices, or believes to notice, a violation of this Pact, he will so inform the management of the Authority and request the management to discontinue or heal the violation, or to take other relevant action. The Monitor can in this regard submit his recommendations/suggestions. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- 7.6 That the Authority will provide to the Monitor sufficient information about all meetings among the parties related to the project provided such meetings could have an impact on the contractual relations between the Authority and the Contractor / Bidder. The parties offer to the Monitor the option to participate in such meetings.
- 7.7 That the Monitor will submit a written report to the Chairperson of the Board of the Authority within 2 weeks from the date of reference or intimation to him by the Authority and, should the occasion arise, submit proposals for correcting problematic situations.
- 7.8 That if the Monitor has reported to the Chairperson of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India and the Chairperson has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Department, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.
- 7.9 The word 'Monitor' would include singular and plural.

8. Facilitation of Investigation.

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

9. Law and Place of Jurisdiction.

9.1 That this Pact is subject to Indian Law. The place of performance and jurisdiction is the Corporate Headquarter /the Regional Headquarter / office of the Authority, as applicable.

10. Other Legal Actions

10.1 That the changes and supplements as well as termination notices need to be made in writing.

10.2 That if the Bidder / Contractor is a partnership or a consortium, this Pact must be signed by all the partners and consortium members or their authorized representatives.

11. Pact duration (Validity)

11.1 That this Pact comes into force when both the parties have signed it. It expires for the Contractor 12 months after the final payment under the respective contract, and for all other Bidders 3 months after the contract is awarded.

11.2 That if any claim is made / lodged during this period, the same shall be binding and continue to be valid despite the lapse of this Pact as specified herein before, unless it is discharged/determined by Chairman of the Authority.

11.3 That should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact shall remain valid. In this case, the parties will strive to come to an agreement to their original intentions.

12. Company Code of Conduct

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

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

Buyer	BIDDER
Name of the Officer	CHIEF EXECUTIVE OFFICER
Designation	
Deptt./Ministry/PSU	
Witness	Witness
1. _____	1. _____
2. _____	2. _____

Page Left
Blank

Modes of Procurement and bidding Systems

4.1 Modes of Procurement

The various modes of procurement that can be used in public procurement are

4.1.1 Open Tenders

4.1.1.1 Open Tender Enquiry (OTE);

4.1.1.2 Global Tender Enquiry (GTE)

4.1.2 Procurement through pre-selected suppliers

4.1.2.1 Limited Tender Enquiry - LTE (up to Rs. 30 lakhs (Rupees Thirtylakhs)) including taxes.

4.1.3 Nomination Basis Tenders

4.1.3.1 Proprietary Article Certificate (PAC); and

4.1.3.2 Single Tender Enquiry (STE) without PAC

4.1.4 Procurements without calling Tenders

4.1.4.1 Withdrawals against Rate Contracts (RC);

4.1.4.2 Direct Procurement without Quotation;

4.1.4.3 Direct Procurement by Purchase Committee;

4.1.4.4 Purchases through or other such agencies like NICS I or other such Government agencies.

4.1.5 Mandatory Procurement of Goods and services for Goods or services available on Gem

4.2 Open Tender enquiry (OTE)

4.2.1 In OTE, an attempt is made to attract widest possible competition by publishing the NIT simultaneously on CPPP portal <http://etenders.gov.in/e procure/app>. OTE is the default mode of procurement and gives the best value for money but the procedure is relatively complex and prolonged. The print publicity for invitation of tenders should also be advertised through the print media following the guidelines of the Public Relations Department of AAI. OTE procedures through e-Procurement should be adopted in the following situations:

4.2.1.1 Procurements exceeding the threshold of Rs.30 lakh (Rupees Thirty lakhs);

4.2.1.2 Common use requirements with clear technical specifications;

4.2.1.3 For requirements that are ordinarily available in the open market but it is necessary to evaluate competitive offers to decide the most suitable and economical option available; and

4.2.1.4 When requirements are not available from known sources or sources are presently limited and need to be widened.

4.3 Global Tender Enquiry (GTE)

GTE is similar to OTE but, through appropriate advertising and provision for payment in Foreign Currencies through Letter of Credit (LC). It is aimed at inviting the participation of inter-alia foreign firms. It should follow the same process of advertisement and publishing as the open tenders apart from advertising through the global print media. While inviting GTE the development needs of local industry to be kept in mind. Hence, it may be viable only in following situations:

- 4.3.1 Where Goods of required specifications / quality are not available within the country and alternatives available in the country are not suitable for the purpose;
- 4.3.2 Non-existence of a local branch of the global principals of the manufacturer/vendors / contractors;
- 4.3.3 Requirement for compliance to specific international standards in technical specifications; and
- 4.3.4 Absence of a sufficient number of competent domestic bidders.

4.4 Limited Tender Enquiry (LTE)

- 4.4.1 LTE is a restricted competitive procurement, where a preselected list of vendors is directly approached for bidding. Bids from uninvited bidders are treated as unsolicited and are normally not entertained, except in special circumstances to be recorded by the procurement officer. This mode provides a short and simple procedure, but may not provide as good a Value for Money as in case of open tendering – still a good balance for procurements below a threshold. LTE procedures may be considered when the estimated value of procurement is upto Rs. 30 lakh (Rupees Thirty lakhs). However, this mode can also be used for higher value contracts with the approval of the competent authority (Proposal accepting authority) justifying the reasons for LTE. LTE should mandatorily be published on Central Public Procurement Portal (CPPP) only for the shortlisted vendors.
- 4.4.2 The list of vendors to be invited for participation for any specific product category / emergent requirement may be approved by one level above the accepting authority with Chairman having the full powers.
- 4.4.3 The minimum number of bidders to whom LTE should be sent is three. In case less than three approved vendors / contractors are available, LTE may be sent to the available approved vendors / contractors with approval of the CA, duly recording the reasons. The requirement should also be taken up separately for development of more no. of registered Suppliers / vendors.
- 4.4.4 The bidding documents should be as per the standard limited tender format.

4.5 Proprietary Article Certificate

- 4.5.1 In procurement of goods, certain items are procured only from Original Equipment Manufacturers (OEMs) or manufacturers having proprietary rights (or their sole authorised dealer/ stockist) against a PAC certificate (Annexure-

4_A). The OEM shall certify that he is the sole manufacturer and subsequently the PAC shall be duly examined and approved by the committee consisting of the Concerned ED, ED(Fin) / Head of finance wing and one ED / GM from the user or other department. The committee shall be chaired by the concerned ED and the final certificate shall be signed by the concerned ED on the recommendations of the committee. All PAC purchases should be done after ab-initio negotiations of rates as per the DOP provisions. In case there are multiple channel partners / dealers / stockists of the OEM are available the process of LTE should be followed among all the partners / dealers / stockists after obtaining such inclusive list from the OEM. In PAC purchases where guarantee / warrantee is involved Performance Bank Guarantee shall be obtained. However, such purchases shall be finalized on mutually agreed terms with the approval of the Accepting Authority. If an item is to be procured from a single source due to operational requirements, where the proposed supplier is not be the only manufacturer / supplier, the same may be justified and processed as a single offer / tender ab-initio basis as per the provisions of the DoP without the PAC process.

4.5.2 Terms and conditions of PAC purchases

- 4.5.2.1 While processing a requirement the PAC certificate indicating the justification and approval at the level of the concerned ED, for sourcing an item from OEM or PAC firms or their authorised agents should be enclosed in the file with the proposal.
- 4.5.2.2 Proprietary items shall be purchased only from a nominated manufacturer or its authorised dealer as recorded in the PAC certificate;
- 4.5.2.3 In certain unavoidable cases, the procuring authority may have no alternative but to waive payment of EMD / SD for procurement on a proprietary basis;
- 4.5.2.4 To the extent feasible, the firm may be asked to certify that the rates quoted by them are the same and not higher than those quoted with other Government, public sector or private organisations;

4.6 Single Tender Enquiry (STE) without a PAC

A tender invitation to one firm only without a PAC certificate is called a single tender Enquiry. Since this mode may provide lesser Value for Money as compared to LTE/OTE and may also strain the transparency principle, it should be resorted to only under following conditions:

- 4.6.1 In a case of existing or prospective emergency relating to operational or technical requirements to be certified by the indenter, the required goods are necessarily to be purchased from a particular source subject to the reason for such decision being recorded and approval of the Concerned Member at CHQ / RED at RHQ and HOD at the airport is obtained.

4.6.2 For standardization of machinery or components or spare parts or consoles to be compatible to the existing sets of machinery / equipment (on the advice of a competent technical expert and approved by the competent authority), the required goods are to be purchased only from a selected firm.

4.6.3 Software upgrades of existing systems / packages / change of software version of new version or building new functionalities within the existing package etc. Other terms and conditions of PAC procurement mentioned above shall also apply in this case.

4.7 Drawals against Internal Rate Contract (RC) / Framework Contract (FC)

RC is essentially a price agreement with the vendors / contractors at a specified price and terms and conditions during the period covered by the RC. Neither quantity is mentioned nor is any minimum commitment guaranteed in the RC. RC is most frequently used in procurement of goods, but can as well be used in works, services and consultancy – where it is commonly known as a Framework Contract (FC). Drawals against an existing RC exploits the power of collaboration / clubbing of numerous small and frequent requirements and thus provides best Value for Money along with a simple and quick procedure. However, entering into a new RC may have the same procedural complexity, prolonged timeframe and systemic cost as in OTE, which may not be viable for low volumes.

4.8 Direct Procurement without Quotation (Spot Purchase)

4.8.1 Direct procurement of goods without formal quotations is normally done for the smallest value procurements. This is also called petty purchase. It should be used for off-the-shelf goods of simple and standard specifications. The procedure is the simplest and quickest but Value for Money may be poor.

4.8.2 Terms & conditions for Direct Procurement (Spot Purchase)

4.8.2.1 Procurements do not exceed the threshold (for each requirement) as prescribed in DOP for spot purchases / services.

4.8.2.2 The requirement is urgent but was not covered in the procurement plan; and

4.8.2.3 The requirement is for off-the-shelf goods of simple and standard specifications. Examples of procurement are day-to-day needs of the office and field units, and so on.

4.8.2.4 Spot purchase can be done as per the powers delegated in the DoP.

4.8.2.5 Normally an imprest amount (with facilities for cheque payments) sufficient for two months' estimated procurements can be sanctioned for such officers to handle such procurements. The imprest amount can be recouped on monthly basis by submission of expense vouchers.

4.8.2.6 Selection of seller by diligent market enquiry is of essence of this mode of procurement;

4.8.2.7 In larger cities, the presence of reputed Shopping Malls may also be included in the market survey. Reputed internet shopping portals may also be explored

4.9 Bidding Systems

All kinds of Bids (OTE / GTE / LTE) should preferably be done through the CPP portal approved by AAI. In case of a variance specific prior approval of competent authority should be obtained detailing reasons for adopting a process other than the CPP route. Depending on the complexity, Criticality and value of procurement, following types of bidding systems may be used.

4.10 Single Stage Bidding System (Procedure as per CPP Portal)

In single stage bidding, all bids are invited together in a single envelope or in multiple envelop system. The bidding / tenders on CPP portal can be done in 1 (One), 2 (Two), 3 (Three) or 4 Packs as follows.

4.10.1 **One – (1) Pack Tender Process** – This is single cover process. The same can be used for open tenders as well as limited tenders depending on the requirement of department, where the tender can be processed with all the documents taken in one go. Shortfall option is not available in single cover tender. However, offline process for handling the short fall documents can be used in the interest of competition.

4.10.2 **Two - (2) Pack Tender Process** – This is two-cover system and is being widely used for open tenders. In this process, EMD, Tender fees, PQ, Technical can be called in pack-1 and financial bid in pack-2.

In this process, two openings are performed. First is technical opening and second is financial opening. Under technical opening, in two Pack (2 BOT) Tenders, all documents can be downloaded at the same time.

Now tender will reach to evaluation and shortfall stage. At this stage, shortfall documents can be requested from the bidder ((only once) and document submission time cannot be extended once published).

If more clarifications are required the procuring entity may seek clarifications from the bidders through registered e-mail id's with the approval of the TS authority. However, all efforts to be made to complete this process in a time bound manner.

After completion of evaluation and shortfall process, the bidders can be finally accepted or rejected and the accepted bidders will be eligible for financial opening.

Second opening is financial opening which is in a separate cover. **After finishing of each stage- summary has to be uploaded in the portal.**

- 4.10.3 **Three – (3) Pack Process** – This is a three-cover system. EMD, Tender fees in pack-1, PQ and Technical bids in pack-2, Financial bid in pack-3. In this process, two openings are performed. First is technical opening and second is financial opening. Under technical opening, in three BOT Tenders, the documents pertaining to tender fees and EMD are downloaded at the first stage and evaluated.

In the next-stage, documents for PQ and technical are downloaded and evaluated for shortfall of documents if any. At this stage, shortfall documents can be requested from the bidder ((only once) and time cannot be extended once published).

If more clarifications are required the procuring entity may seek clarifications from the bidders through registered e-mail id's with the approval of the TS authority. However, all efforts to be made to complete this process in a time bound manner.

After completion of evaluation and shortfall process, the bidders can be finally accepted or rejected and the accepted bidders will be eligible for financial opening.

Second opening is financial opening which is in a separate cover. After finishing of each stage- summary has to be uploaded in the portal.

- 4.10.4 **Four - (4) Pack Process** - This is a four-cover system. EMD, Tender fees in pack-1, PQ in pack-2, and Technical bids in pack-3 and Financial bid in pack-4.

In this process, two openings are performed. First is technical opening and second is financial opening. Under technical opening, in four Pack Tenders, the documents pertaining to tender fees and EMD are downloaded at the first stage for evaluation.

In the next-stage, documents for PQ are downloaded. Any shortfall of documents in PQ bid shall be handled at this stage. After completion of PQ stage, Technical documents are downloaded.

Now tender will reach to evaluation and shortfall stage, at this stage, shortfall documents can be requested from the bidder pertaining to EMD, Tender fees, PQ or technical ((only once) and submission time for shortfall documents requested cannot be extended once published). After completion of evaluation and shortfall process, the bidders can be accepted or rejected and the accepted bidders will be eligible for financial opening.

Second opening is financial opening which is in a separate cover. It may please be noted that after finishing of each stage- summary has to be uploaded in the portal.

The Pack - 1 pack, 2 pack, 3 pack, 4 pack can be chosen by the concerned department depending on the tender requirement.

4.11 Subsequent Procurement Tender

The pre-qualification shall be valid for such period as may be specified in the pre-qualification document and for a single subsequent procurement within this period, except when it is determined that engaging in fresh pre-qualification shall not result in enhanced competition. During the period of such validity, the Procuring Entity shall invite bids for procurement (Request for Proposals – RfP) from pre-qualified bidders and all other bids may be treated as unsolicited offers which are normally rejected. In case bids are not invited within such a period, fresh prequalification shall be done. It is desirable that the time gap between the pre-qualification approval and floating of the linked main procurement tender is less than six months.

4.12 Two Stage Bidding - Expression of Interest Tenders – Market Exploration

There are instances where the equipment / system to be procured is of complex nature and the procuring organization may not have the full knowledge of either the various technical specifications / solutions available or the likely sources for such products in the market. Expression of Interest (EoI) bids may be invited in following situations:

- 4.12.1 It is not feasible for the Procuring Entity to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders;
- 4.12.2 The character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both;
- 4.12.3 The Procuring Entity seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of requirements in quantities sufficient to establish their commercial viability or to recover research and development costs; or
- 4.12.4 The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement.
- 4.12.5 The procedure for two stage bidding shall include the following, namely:
 - 4.12.5.1 In the first stage of the bidding process, the Procuring Entity shall invite EoI bids containing the broad objectives, technical and financial eligibility criteria, terms and conditions of the proposed procurement etc

without a bid price. On receipt of the Expressions of Interest, technical discussions/ presentations may be held with the short-listed manufacturers/ suppliers, which are prima facie considered technically and financially capable of supplying the material or executing the proposed work, giving equal opportunity to all such bidders to participate in the discussions. During these technical discussions stage the procurement agency may also add those other stakeholders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/ presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality benchmarks, warranty requirements, delivery milestones etc., in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/presentations and the process of decision making should be kept;

- 4.12.5.2 In revising the relevant terms and conditions of the procurement, if found necessary as a result of discussions with the shortlisted bidders, the Procuring Entity shall not modify the fundamental nature of the procurement itself;
- 4.12.5.3 In the second stage of the bidding process, the Procuring Entity shall invite bids from all those bidders whose bids at the first stage were not rejected, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement;
- 4.12.5.4 Any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalised in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification;
- 4.12.5.5 If the Procuring Entity is of the view that after EoI stage, there is likelihood of further participation by many more bidders and to avoid getting trapped into a legacy technology, the second stage bidding may not be restricted only to the shortlisted bidders of EoI stage and it may be so declared in the EoI document ab-initio. Thereafter in the second stage, normal OTE/GTE bidding may be done.

4.12.6 **Invitation of EoI Tenders:**

The invitation to the EoI should contain the following information:

- 4.12.6.1 A copy of the advertisement;

- 4.12.6.2 **Objectives and scope of the requirement:** This may include a brief description of objectives and broad scope of the requirement. It may also include the validity period of empanelment;
- 4.12.6.3 **Instructions to the bidders:** This may include instructions regarding the nature of supply, fees for empanelment (if any), last date of submission, place of submission and any other related instructions;
- 4.12.6.4 **Formats for submission:** This section should specify the format in which the bidders are expected to submit their EoI;
- 4.12.6.5 The EoI document should be published on the website in a downloadable form without any restriction; and
- 4.12.6.6 **Eligibility criteria:** The invitation to EoI should clearly lay down the appropriate eligibility criteria, keeping in mind the specific objectives of the EoI and the same should be applied for shortlisting. Supporting documents required need to be clearly mentioned.

4.12.7 **Evaluation of EoI:** All the bids received through EOI shall be scrutinized and evaluated with reference to the EOI document. Thereafter a detailed tender document shall be prepared which may also include inputs received through EOI.

4.13 Electronic Procurement (e-Procurement)

- 4.13.1 As far as possible manual tendering process should be avoided except for call of quotations for items not available on Gem portal and estimated cost of items being procured is upto Rs. 2.5 lakhs. This manual doesn't cover the "manual tender process and specific approval for such a tender be obtained at least from Member level if such a need arises".
- 4.13.2 It is mandatory to receive all bids through e-Procurement portals <http://etenders.gov.in/eprocure/app> in respect of all procurements. In individual cases where national security and strategic considerations demands confidentiality, the Technical Sanctioning (TS) Authority may exempt such cases from e-Procurement after seeking approval of Competent Authority with due justification.

4.14 Electronic Reverse Auction (RA)

Electronic Reverse Auction is a type of auction (classified as dynamic procurement method) where the starting price, bid decrement, duration of auction, maximum number of automatic extensions are announced before start of online reverse auction. If required, RA may be preceded by an e-Procurement process to shortlist competent bidders who would be allowed to participate in the RA. The shortlisted bidders can participate online in the RA after the published time in an iterative process wherein the lowest bidder at any given moment can be displaced by an even lower bid of a competing bidder, within the

duration of the RA. RA is permitting by CVC, however, a uniform procedure is to be followed by each tendering authority in a transparent and fair manner. A Procuring Entity may choose to procure a subject matter of procurement by the electronic reverse auction method, if:

4.14.1 The RA shall generally be implemented in the tenders having estimated cost of more than Rs.2 Crores.

4.14.2 A detailed process for RA is attached as detailed below

- 4.14.2.1 Reverse Auction will be conducted after financial bid opening on L1 price, where-in only L1 consolidated price shall be visible to the bidders (Vendor details shall not be available at this stage to any one).
- 4.14.2.2 The Reverse Auction shall be conducted on the overall tender prices and not on individual components.
- 4.14.2.3 Reverse auction will be conducted online with vendors from their own offices. For Training on reverse auction, online help shall be available through the CPP Portal.
- 4.14.2.4 Reverse auction process will be conducted for a period of one hour where the bidders will be allowed to reduce their prices.
- 4.14.2.5 In case any bidder submits the price within 5 minutes of closing of reverse auction timing, the system will automatically extend the reverse auction time to further 15 minutes. All participant tenderers can reduce the price during this time.
- 4.14.2.6 If the above situation repeats, i.e. a bidder submits price reduction in last 5 minutes of closing of auction, further 15 minutes extension will be automatically allowed.
- 4.14.2.7 The number of extensions in RA cannot be restricted. System has the provision to perform auto extension.
- 4.14.2.8 System will allow the Bidder to quote between the limit which is decided by Max Seal Percentage that has to be defined by the purchaser as X percent (%) at the time of Auction Creation. The Value should be in the Multiple of Decrement Value mentioned by purchaser.
- 4.14.2.9 Minimum decrement: Minimum decrement shall be the minimum amount a supplier/vendor has to reduce in order to beat a higher bid. This shall only be in 'absolute value' fixed by AAI and will be available as "Decremental value" in e-auction 'Basic Details' window. This minimum decrement may be decided by the ED of the concerned Directorates and can be defined at the time of auction creation.
- 4.14.2.10 After Auction end time, System will generate price comparative chart, which will show the names and rates of bidders quoted in the tender as well as (L1) rates quoted by them in the auction.
- 4.14.2.11 The rates received in the Auction shall be final and shall be inclusive of all costs as per the published BOQ. No extra amount any count for the published BOQ shall be agreed.

4.15 Government e-Marketplace (GeM) by DGS&D

DGS&D has developed an online Government e-Market Place, “known as Gem”, for common use goods and services. The procurement process on GeM is end to end from placement of supply order to payment to suppliers. This is to ensure better transparency and higher efficiency. All the process will be electronic and online. The CHQ, RHQ and other subordinate offices should do all Procurement of Goods and Services (as per availability and location wise delivery) mandatorily through the GeM portal. Any deviation to this where quality, site installation or other issues are anticipated should be with the specific approval of TS authority recording the reasons for adopting procedure other than the GeM process. Procurements above Rs.30,00,000/- may be done through the tender / bidding process either through GeM or CPP Portal.

Apart from the Direct purchase the GeM provides the tools of quotation, reverse bidding and e-auction, which can be utilized for the procurement of bulk quantities.

The GeM portal shall be utilized by for direct on-line purchases as under:-

- 4.15.1 Up to Rs.50,000/- (Rupees Fifty thousand) through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period;
- 4.15.2 Above Rs.50,000/- (Rupees Fifty thousand) and up to Rs.30,00,000/- (Rupees thirty lakh) through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer with the approval of competent authority;
- 4.15.3 Above Rs.30,00,000/- (Rupees Thirty Lakh) through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM;
- 4.15.4 The invitation for the online e-bidding/ reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/ services under the particular product/ service category, as per terms and conditions of GeM;
- 4.15.5 The above mentioned monetary ceiling is applicable only for purchases made through GeM. For all other purchases guidelines as given in this manual or as given in DOP needs to be followed.
- 4.15.6 The Buyers may ascertain the reasonableness of prices before placement of order.
- 4.15.7 A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying/ bidding/ reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.
- 4.15.8 The procurements made through the GeM portal is to be treated at par with procurements made through open tender and therefore powers applicable to open tenders shall be applicable to the GeM procurement. The procurements

through GeM portal shall be made as per the standing guidelines, terms & conditions available in the GeM portal on the date of procurement.

4.16 Payment Procedure in GeM:

The payment procedure in GeM is governed by O.M. No. F.26/4/2016-PPD dated 26th May, 2016 issued by D/o. Expenditure, M/o. Finance, New Delhi. The salient feature of this O.M. is that it is obligatory to make payments without any delay for purchases made on GeM.

The consignee is required to issue an online digitally signed consignee receipt and acceptance certificate after receipt of goods within ten days. Thereafter, the payments are to be released maximum within ten days. Any matter needing a resolution will be escalated to the HOD level where the matter should be resolved within 24 (Twenty-Four) hours in the entire process, payments should not exceed ten days including holidays.

4.17 Guidelines to be followed for procurements on nomination basis:

- 4.17.1 The award of contracts/procurements/projects on nomination basis without adequate justification amounts to a restrictive practice eliminating competition, fairness and equity. Award of contracts on nomination basis can be resorted to only in exceptional circumstances.
- 4.17.2 In such circumstances, if sometimes award of contract on nomination basis become inevitable, the following points should be strictly observed.
 - 4.17.2.1 All works awarded on nomination basis should be brought to the notice of the Board of the respective PSUs for information.
 - 4.17.2.2 The reports relating to such awards will be submitted to the Board every quarter.
 - 4.17.2.3 The audit committee may be required to check at least 10% of such cases.
 - 4.17.2.4 Further, all nomination/single tender contracts be posted on the website ex post-facto.

Proprietary Article Certificate

Valid for the Current Financial Year

File Number and Date Reference			
1.	Description of Items to be procured		
2.	Forecast of quantity / annual requirement		
3.	Approximate estimated value for above quantity		
4.	Maker's name and address		
5.	Name(s) of authorised dealers/stockists		
6.	I approve the above purchase on PAC basis and certify that: -- (Note – Please Tick the relevant and Applicable Clause		
6(a)	This is the only firm who is manufacturing/stocking this item. AND		
6(b)	A similar article is not manufactured/sold by any other firm, which could be used in lieu OR		
6(c1)	No other make/brand will be suitable for following tangible reasons (like OEM/warranty spares): OR		
6(c2)	No other make/brand will be suitable for following intangible reasons (if PAC was also given in the last procurement cycle, please also bring out efforts made since then to locate more sources): OR		
7.	Reference of concurrence of finance wing to the proposal:		
History of PAC purchases of this item for past three years is given below			
Name of the Supplier			
Order/Tender Reference & Date	Quantity Ordered	Basic Rate on Order (Rs.)	Adverse Performance Reported if Any

Signature of Approving Authority

Date Designation of Officer

Page Left
Blank

Preparing Bid Documents, Publication, Receipt and Opening of Bids

5.1 Preparation of Bid documents

- 5.1.1 The bid document should be self-contained and comprehensive without any ambiguity. All essential information, which a bidder needs for submitting a responsive bid, should be clearly spelt out in the bidding document in simple language. A carefully prepared tender document avoids delays and complaints. Hence it is worth spending time and effort on this even in cases of urgency.
- 5.1.2 Bid documents should be based on Standard Bidding document (SBD) relevant for the value range and category of procurement viz International Competitive Bidding (ICB)- Global Tender Enquiry (GTE), National Competitive Bidding (NCB) – Open Tender Enquiry (OTE) and Limited Tender Enquiry (LTE). Any modifications to suit a unique requirement of a specific procurement in these documents is to be done through variable sections such as Special conditions of Contract or Special Instructions.
- 5.1.3 In case of a limited tender, instead of a full set of SBD, tender form as per the Limited Tender format is to be used as the tender document after filling up the name of the vendor and details of requirements. If necessary, specifications and drawings or any other document may be enclosed with the limited tender form.

5.2 Essential aspects / Contents of the Standard Bidding document (SBD): The essential aspects and contents of a Standard Bidding Document are listed below:

- 5.2.1 Notice Inviting Tenders (NIT)
 - 5.2.1.1 Tender Fee
- 5.2.2 Instructions to Bidders
 - 5.2.2.1 The criteria for Eligibility and qualification to be met by the bidder.
 - 5.2.2.2 Address and process for communication.
 - 5.2.2.3 Purchase Preference Policies (As per Government policies).
 - 5.2.2.4 The procedure as well as date, time and place for downloading, submission & validity of the bids.
- 5.2.3 Forms of Securities, Payment Terms And Price Variations (Discussed in detail in Chapter 6)
 - 5.2.3.1 Earnest Money Deposit
 - 5.2.3.2 Performance Bank Guarantee)
 - 5.2.3.3 Payment terms
 - 5.2.3.4 Rate Variation
- 5.2.4 Evaluation of Bids and Award of Contract (Discussed in detail in Chapter 7)

- 5.2.4.1 Criteria for determining responsiveness of bids. Bid Evaluation (Eligibility, Technical & Financial) Criteria, acceptance and rejection criteria and procedures.
 - 5.2.4.2 Description of the subject matter of procurement, its specifications including the nature, quantity, quality of goods and services to be delivered & Guarantee / warranty.
 - 5.2.4.3 Schedule of requirements
 - 5.2.4.4 Quantity Variation
 - 5.2.4.5 Consideration of Abnormally Low Bids
 - 5.2.4.6 Award of work
 - 5.2.5 Contract Management (Discussed in detail in Chapter 9)
 - 5.2.5.1 Terms of delivery, installation and completion schedules
 - 5.2.5.2 Procedure for handling the delays in delivery, Extension of Time (with / without compensation), levy & waiver of compensation, Liquidated damages.
 - 5.2.5.3 Force Majeure
 - 5.2.5.4 Termination due default and risk purchase procedure
 - 5.2.5.5 Dispute resolution mechanism & arbitration clause, Applicability of Indian Laws
 - 5.2.5.6 Procedure for testing the quality before delivery, delivery and post installation and commissioning.
 - 5.2.6 Suitable provision for enabling a bidder to question (through query / response system) the bidding conditions, bidding process and/ or rejection of its bid. These provisions should include time frame in which Procuring Entity will address the bidder's questions.
 - 5.2.7 SBDs should clearly indicate a clause that "if a Firm quoted overall NIL Charges / consideration, the bid shall be treated as unresponsive and will not be considered".
 - 5.2.8 Applicability of Integrity Pact and contact details of Independent External Monitors (IEM), if applicable.
- 5.3 Tender Fee
- 5.3.1 The cost of tender document should be submitted to the authority nominated by AAI in the form of a Demand Draft/ bankers Cheque/ Pay order or online payment (after the same is supported on the CPPP portal). Firms that are eligible for waiver of tender document fee such as MSEs, or Registered vendors of AAI ((if allowed waiver) for relevant items) have to submit /upload scanned copy of documents in support of this exemption.
 - 5.3.2 Suggested Cost of Tender Document fees in Open Tender enquiry (OTE), GTE Tenders

Suggested Cost of Tender Documents in OTE, GTE Tenders (Normally in STE/PAC/LTE, no cost is charged)		
Sr. No	Estimated Value of Tender	Tender Document Cost In INR
1.	Below Rs 25 lakh	Rs. 500
2.	Rs 25 Lakh to Rs 2 crore	Rs. 1,500
3.	Rs 2 crore to Rs. 25 crore	Rs. 2,500
4.	Rs 25 crore to Rs. 50 crore	Rs. 5,000
5.	Above Rs 50 crore	To be decided on case to case basis

5.3.2.1 Tax as applicable may be added to the above costs.

5.3.2.2 Normally in single Tender Enquiry STE / proprietary article Certificate Tender / Limited Tender Enquiry (LTE) no Tender fees are charged.

5.4 Tender documents shall be prepared by dealing Purchase Executive and approved by the TS authority of concerned Directorate. Each tender enquiry shall be assigned unique identification number. Normally, the tender documents shall be prepared within 10 working days after receipt of Technical Sanction. Standard bid documents to be used for preparation of the tender.

5.5 Correspondence Process in e-Procurement: Wherever this Chapter refers to written communication and documents, the corresponding process in e- procurement would be handled fully on line by way of uploading/ downloading / E-mails.

5.6 Broad guidelines for preparing bid documents:

5.6.1 Notice inviting Tender (NIT):

5.6.1.1 The model format in SBD is to be used for publishing the Tender Notice. NIT should be brief but should contain sufficient details for prospective Bidders to decide whether to participate in the tender or not and if he decides to participate, how to go about that. To ensure competition, attention of all likely bidders should be invited to the NIT by publication on the CPP portal. However, the complete tender document and all future corrigendum should be published on the CPP portal only.

5.6.1.2 For Publication of NIT / PQN as per following guidelines may followed.

Sr. No.	Estimated cost of the work	Type of Tender	NIT publication Guidelines
1.	NIT for works costing upto Rs.30 lakhs	Any	No press notification required. Publicity is to be made through the CPP portal.
2.	NIT for works / supplies costing more than Rs 30 lakhs	Domestic	Publicity through leading news papers as per the policy of the PR department and CPP portal.
3.	NIT for works / supplies costing more than Rs 30 lakhs	Global	Publicity through leading news papers & foreign publications as per the policy of the PR department and CPP portal. Additionally the TS authority may consider the publicity of Global Tenders through http://www.globaltenders.com as it may be cheaper.
4.	NIT for works through Limited Tender Enquiry	LTE	No press notification required. Publicity is to be made through the CPP portal. NIT can also be sent on the registered email id of the registered vendors.

5.6.1.3 A sample brief NIT for publication in news papers is attached as Annexure-5_A. A sample NIT for publication on CPP portal is given in Annexure-5_B.

5.6.1.4 Request for release of advertisement shall be sent 2-3 days in advance so that adequate time is available for release through press. Procuring entity shall maintain the record in-respect of publishing the NIT in news-papers and CPP Portal in the files.

5.6.1.5 Sufficient time has to be given to vendors to properly frame the bids in response to the NIT. The vendors should understand the requirement and terms and conditions attached to it properly otherwise their bids will be difficult to evaluate technically as well as financially. Recommended time frame between date of call of tenders and the date of opening of tenders are

21-28 days for Procurement of Goods of Value above Rs 5 Crores and 12-21 days for Procurement of Goods of value below Rs 5 crores. For Global tenders, approx 45 days time frame may be considered between the date of call of tenders and submission date.

5.6.1.6 The date of opening of the tenders should be explicitly published on the CPP portal at the time of publishing of the tender. Any deviation from the published dates shall be duly notified.

5.6.1.7 While publishing the tenders (Single stage, two stage, three stage or four stage) the NIT approving authority should ensure that the date and time for opening of the financial bid is mentioned in the tender without exception.

5.6.1.8 In case at any stage, it is envisaged that the date of opening of the financial bid is likely to be delayed / changed then approval of the tender accepting authority (Concerned member will have the full powers) to be obtained at least 2 working days in advance and informed to all the bidders through the CPP portal.

5.7 Information to Bidders (ITB) and Appendix to ITB (AITB).

5.7.1 ITB contains all relevant information as well as guidance to the prospective tenderers regarding all aspects of obtaining tender documents, and preparing and submitting a responsive bid. The ITB also mentions the process of establishing Eligibility of the tenderer, Evaluation and comparison of Tenders and Award of Contract.

5.7.2 Instead of modifying ITB every time, any changes warranted by special circumstances, may be indicated with the prior approval of competent authority, in a separate Appendix to ITB (AITB) and ITB may be included unchanged in every tender document. It should also be indicated therein that the provisions in the AITB will supersede the corresponding provisions in the ITB.

5.7.3 Important clauses of ITB / AITB which require attention and action are:

5.7.3.1 Eligibility /Evaluation /Qualification Criteria: If it is intended to use eligibility/ qualification criteria to determine whether a bidder has the required qualifications, then the suitable Pre-qualification Criteria may be clearly specified in the ITB / AITB or as a separate section of the Tender document. PQC should be unrestrictive enough so as not to leave out even one capable vendor/ Bidder. Otherwise, it can lead to higher prices of procurement/ works/ services. However, on the other hand, these criteria should be restrictive enough so as not to allow even one incapable vendor/

Bidder and thus vitiate fair competition for capable vendors/ Bidders to the detriment of the buyer's objectives. A misjudgment in either direction may be detrimental. PQC should therefore be carefully decided for each procurement with the approval of CA for acceptance of the tender. It should be clarified in the PQC document that bidders have to submit authenticated documents in support of the eligibility criteria. Any Criteria not specified in the Tender can't be used for evaluation or qualification. Some of the PQC criteria such as turnover and others as suitable for IT / software related procurements can also be adopted in such tenders based on guidelines issued by Ministry of Electronics & Information Technology with the specific approval of the TS authority. A sample PQC is given in Annexure-5_C

- 5.7.3.2 Purchase Preference Policies: If it is intended to give purchase preference in line with the Government policies, this fact must be determined in the ITB/ AITB.
- 5.7.3.3 Download of Tender Documents : All tender documents shall be made available only through CPP Portal. No tender documents shall be issued manually or through any other mode. Name of the bidders who have downloaded the tender document are confidential on the CPP portal.
- 5.7.3.4 Clarification of Tender Document:
 - 5.7.3.4.1 A prospective bidder requiring any clarification of the tender document may request AAI, through CPP portal well before the due date of query / clarification process and a response to the same shall be published on CPP portal. Any changes in the tender conditions in response to the vendor queries shall be published separately as a corrigendum to the tender document on CPP portal. Since the CPP portal has provision for accepting responses only once, the subsequent responses from the vendors can be accepted through email.
 - 5.7.3.4.2 Tender document should define the last date of seeking clarifications. A time period of at least 5 days or more (depending upon the complexity of the tender) should be given to bidders after issuing the response to clarification requests, for submission of their bids. It is not necessary to extend the date of submission / upload of queries while extending the tender submission date. However, in case of complex tenders where more queries may be expected in the interest of clarity the TS authority may decide to extend the query / response dates as well.

- 5.7.3.4.3 All clarifications issued shall become Integral part of the tender. Since the complete tender document is normally uploaded on the CPP portal, all queries from bidders and their clarifications / responses should also be posted on the CPP portal followed by a corrigendum to the tender document if any of the tender conditions are altered by the Query / response.
- 5.7.3.5 Amendment of Tender documents: At any time prior to the date of submission of bids, purchaser may at his own initiative or in response to a clarification requested by a prospective bidder, amend the bid documents by issuing corrigendum. Each corrigendum shall be notified through the CPP portal to all prospective bidders. In order to afford a prospective bidder a reasonable time to take the corrigendum into account in preparing their bids, purchaser, may at his discretion, extend the deadline for submission of bids. No separate press notification for such corrigendum shall be required.
- 5.7.3.6 Pre –Bid Conference: If found necessary, Technical Specifications and techno- commercial conditions of the tender document should be fine – tuned in a pre-bid conference based on the request of the prospective bidders wherever such conditions are found to be complex and restrictive in nature. This should be declared in ITB. Normally, in case of turnkey contracts and for procurement of sophisticated and costly equipment, a suitable provision should be kept in the bidding document for holding one or more pre-bid conferences for clarifying issues/ doubts (if any), about the specifications and other allied technical / commercial points. The date, time and place of the pre-bid conference should be indicated in the tender enquiry document. Bidders should be asked to submit written queries in advance of the conference. After the conference, the techno – commercial requirements may be reviewed if considered necessary, by way of issue of a formal corrigendum and shared with all bidders through CPP portal.
- 5.7.3.7 Tender Corrigendum:
- 5.7.3.7.1 There may be instances when AAI decide to change some term, to clarify the condition or any technical requirement in tender clause, due to some reason, then a tender corrigendum will be required to be posted on the CPP portal only after taking approval from concerned TS authority.

5.7.3.7.2 It shall be the responsibility of bidder to download all corrigendum and attach them with the main document after digitally signing the tender and the corresponding corrigendum as a proof of reading. Upload of Ink signed physical tender and corrigendum documents is not required to be uploaded.

5.7.3.8 Bid Validity:

5.7.3.8.1 A bid shall remain valid for the period of 90-180 (depending upon the complexity) days. The validity period forms one of the vital factors affecting the price and therefore utmost care is to be exercised by the Procuring Entity to indicate a realistic validity period wherein the tender can be processed and order placed. Technically acceptable bidders shall be given an opportunity to accept validity as per the tender in case of shorter validity period is quoted by the firm. The Procuring Entity shall make the efforts to finalize the tenders within the validity period.

5.7.3.8.2 The consent of the bidder may be requested in writing for an extension to the period of bid validity. The bid security provided shall also be suitably extended. A bidder accepting the request and granting extension shall not be permitted to modify its bid.

5.7.4 On CPP portal all tenders and related documents are to be digitally signed, encrypted and uploaded in the respective folders.

5.7.5 Outright Bid Rejection Criteria: Following bids shall be categorically rejected:

5.7.5.1 Bids received without EMD (other than those who are exempted from payment of EMD) as specified in the tender.

5.7.5.2 Bidders not agreeing to provide assistance to installation of equipment supplied by them (if installation is a part of the contract).

5.7.5.3 Bidders not agreeing to accept Integrity Pact.

5.7.5.4 In case of E-Tenders, if the date of issue of EMD is later than tender closing date.

5.8 OEM / Authorized dealer /Agents of supplier:

5.8.1 As far as possible the tenders should be invited only from the OEM(s). In situations where the OEM's doesn't participate in a tender directly, its authorized dealer(s) / authorized representatives or system Integrators should be considered.

Hence the bidder should be Original Equipment Manufacturer (OEM) or its authorized dealer(s) or its authorized representative or System Integrator as the case may be.

- 5.8.2 In cases where manufacturer(s) has / have participated directly their authorized dealer(s) will not be considered and EMD of such bidders will be returned. If the firm is an authorized agent / dealer of any manufacturer, certified documentary evidence to this effect is to be attached with the tender.
- 5.8.3 One agent / dealer cannot represent two manufacturers for the same product in a particular tender enquiry. However, one agent can supply different products of different OEM's in the same tender (eg HP printers / DELL computers and Canon Scanners) in tenders involving multiple products.
- 5.8.4 One manufacturer can generally authorize only one sole agent / dealer, however, if an OEM has multiple agents he may authorize more than one agent. However, a bid shall be considered competitive if two or more than two OEM's participate in the tender for all major products. Hence, in a competitive tender there should be a fair competition involving two or more OEM's through their direct participation or through their agents.
- 5.8.5 There can be only one bid from following (In case of Global Bids):
 - 5.8.5.1 The principal manufacturer directly or through one Indian Agent on his behalf.
 - 5.8.5.2 Indian / Foreign agent on behalf of only one Principal.
 - 5.8.5.3 In case of large contracts, especially capital equipment, the manufacturers authorization may be insisted upon on a tender specific basis, not general authorization / dealership, by so declaring in the bid documents clearly.
- 5.8.6 In the case of System Integrator or authorized representative of OEM, credentials pertaining to the pre-qualification) of System Integrator or the authorized representative as the case may be shall only be considered for evaluating eligibility criteria.
- 5.8.7 In case of OEM, Proof of being Original Equipment Manufacturer (OEM) (letter from the authorized signatory) shall be submitted. An OEM is identified as the company that holds title to the Intellectual Property Rights (i.e. via copyright notice) of the supplied components / items / technology or brand.

- 5.8.8 In-case of tenders involving single OEM components (Proprietary items) either the OEM should directly participate or incase the OEM doesn't participate directly and has multiple authorized agents / partners / System Integrators he should authorize all such agents / partners / System Integrators having requisite skills and experience to participate in the tender creating competition.
- 5.8.9 No bidder firm or its subsidiary firm or its parent firm shall be allowed to submit alternate bids contrary to the competitive spirit of the tender. Such bids shall be summarily rejected.
- 5.8.10 Quotation received from Dealers /Agents for items not manufactured by them: When a firm sends a quotation for an item manufactured by a different company, the firm is required to attach in its quotation a manufacturers authorization certificate / form (MAF) and also manufacturers confirmation of extending the required warranty for that product (in addition to tenderers confirmation of extending the required warranty).
- 5.8.11 Principal Bidder may like to use the financial strength of Parent company who owns 100 % shares. Such use shall be permitted. In case of take-over or acquisition of dissolvent company, the past experience of solvent company in terms Technical strength, Manpower and Technology can be used by the company which has taken-over. However, in such situation the financial strength of parent company can only be considered.

5.9 Conflict of interest among bidders/agents

- 5.9.1 A bidder shall not have conflict of interest with other bidders. Such conflict of interest can lead to anti-competitive practices to the detriment of Procuring Entity's interests. The bidder found to have a conflict of interest shall be disqualified. A bidder may be considered to have a conflict of interest with one or more parties in this bidding process, if;
- 5.9.1.1 they have controlling partner (s) in common; or
- 5.9.1.2 they receive or have received any direct or indirect subsidy/financial stake from any of them; or
- 5.9.1.3 they have the same legal representative/agent for purposes of this bid; or
- 5.9.1.4 they have relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another bidder; or

5.9.1.5 bidder participates in more than one bid in this bidding process. Participation by a bidder in more than one Bid will result in the disqualification of all bids in which the parties are involved. However, this does not limit the inclusion of the components/sub-assembly/assemblies from one bidding manufacturer in more than one bid.

5.9.1.6 Bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract that is the subject of the Bid;

5.9.1.7 in case of a holding company having more than one independently manufacturing units, or more than one unit having common business ownership/management, only one unit should quote. Similar restrictions would apply to closely related sister companies. Bidders must proactively declare such sister/common business/ management units in same/similar line of business.

5.10 Extension of Tender opening date: Sometimes, situations may arise necessitating modification of the tender documents already published. In such situations, it is necessary to amend/ modify the tender documents suitably prior to the date of submission of bids. When the amendment / modification changes the requirement significantly and/ or when there is not much time left for the tenderers to respond to such amendments and prepare revised tender bid, the time and date for submission of tenders along with other dates should also be amended suitably and published through the same amendment / corrigendum. Extension of Tender Closing / Submission and Opening Dates may be considered by the TS authority in the following conditions:

5.10.1 Extension of tender submission and opening date by 7-15 days shall be given by the TS authority when sufficient number of bidder responses (at least two) is not available on the last date of submission.

5.1.1 If after first extension, the number of responses is less than two, then relaxation in the Eligibility criteria, amendment in technical specifications and other conditions of tender document, may be considered with the approval of the TS authority to widen the participation. Press notification shall be mandatory if the extension is on account of poor / single response to the open tender.

5.1.2 In unforeseen situations, date of opening of tender can be extended at the sole discretion of the TS authority, by recording the reasons thereof. Period of such extensions (for reasons other than poor response) shall be notified through the CPP portal only.

5.11 Procedures to be followed during Bid Opening:

5.11.1 In e-procurement, bids are opened on line at specified date and time by the “Bid – Openers (at least two)” as uploaded at the time of creation / upload of the Tender. While creating / publishing the tender “Four no of Bid openers having appropriate digital certificate” will be identified and uploaded on the CPPP portal. Two of the bid managers should be from purchase Department and the remaining two should be from associated Finance department with a provision that tenders may be opened by any two of the above four officers. While opening of the financial bid at least one of the bid manager should be from the finance department. E-Tender can be opened from remote location as well by the designated officers using their digital signatures. All reports regarding bids as available on the CPPP portal should be downloaded and kept in the tender processing file. The bidders can see and monitor the process online. Incase representative of the bidders wish to be present at the AAI office during bid opening process, they may be authorized with proper authorization request from the bidder. Following committee may be constituted to open the tenders:

Sr. No.	Tender Cost	Opening Committee	Remarks
1	> 500	Manager from all departments incl Finance	SM / AGM wherever lower level not available. One level lower from finance can be associated where Manager is not available.
2	<=2000	SM / AGM from all departments incl Finance	DGM wherever lower level not available. One level lower from finance can be associated where SM/ AGM is not available.
3	> 2000	DGM from all departments incl Finance	Jt GM wherever lower level not available. One level lower from finance can be associated where DGM is not available.

E-TENDER NOTICE

E-tenders are invited on behalf of Chairman, Airports Authority of India for the work “-----
-----**Name of the work** ----- ” with an estimated cost of Rs.-----/-
and CPP Portal Tender ID is “-----”.

Please visit CPP Portal at <https://etenders.gov.in> for downloading the Tender document, eligibility criteria, other related corrigendum & online submission of the e-tenders. Further clarifications/corrigendum in this regard, if any, shall also be put up through the CPP Portal.

Page Left
Blank

NOTICE INVITING TENDER

- 2.1 Airports Authority of India invites sealed Global tenders from OEM or Authorized System Integrator / Channel Partners/ Suppliers of the OEM for “------(Name of the work)” as per the details given below.

Sr. No.	Name of the Work	Estimated Cost (INR)	EMD Amount (INR)	COST OF TENDER (INR)
1				

- 2.2 The bill of material and detailed Technical Specifications given in Annexure--- to the tender document.

- 2.3 This tender is invited through the electronic tendering process and can be downloaded from the Central Public Procurement Portal (CPP Portal) with URL address “<http://etenders.gov.in>”. Please note that the submission of the tender is only through the CPP Portal “<http://etenders.gov.in>”. The tenders will not be accepted in any other form. Further it may be noted that tenders which are duly submitted on CPP Portal shall only be final and tenders just saved without submission / publish will not be available to the evaluation committee. Bidders are requested to go through the CPP Portal for guidelines, procedures & system requirements. In case of any technical difficulty, bidders may contact on the following help desk numbers & email ids.

- 2.3.1 For Queries relating to the process of online bid submission or queries relating to CPP Portal or other Technical Assistance on the Portal, please contact the 24x7 Helpdesk, on Telephone Numbers Tel: +91-120-4200462, +91-120-4001002, +91-8826246593 or Email Address: support-eproc@nic.in.

- 2.3.2 Before submitting queries related to system, bidders are requested to follow the instructions given in CPP Portal and get their computer system configured according to the recommended settings for the CPP Portal.

- 2.3.3 Bidders are requested to kindly mention the URL of the Portal and Tender Id in the subject while emailing any issue along with the Contact details.

- 2.3.4 For any issues/ clarifications relating to the understanding of the tender(s) published kindly contact the respective Tender Inviting Authority / Bid Manager whose details are given below.

	Name of the Bid Manager	Designation	Email id	Phone No.
1.				

2.3.5 In order to facilitate the Vendors / Bidders, the AAI Help desk services shall also be available on all working days (except Sunday) between 0800-2000 hours and shall assist users related to the use of the CPP Portal. The details of the help desk services along with other useful information regarding e-tender process are given at the link <https://www.aai.aero/en/Tender/Apply>.

2.3.6 The AAI help desk numbers are intended only for queries related to the ease of use on CPP Portal and help needed on the operation of the Portal. However AAI shall not be responsible for any reason to bidders for not submitting the bids in the CPP Portal. The above Helpdesk services shall remain closed on all Govt. Gazetted Holidays.

2.4 The critical dates for this tender are as given below.

Sr. No.	Activity	Date		Time in IST
		From	To	
	<i>Published Date</i>			
	Bid Document Download / Sale Start Date			
	Clarification Start Date			
	Clarification End Date			
	Bid Submission Start Date			
	Bid Submission End Date			
	Bid Opening Date			
	Date of Opening of financial bids			
	Date & Time of Reverse Auction	Will be intimated after opening of Financial Bid.		

2.5 Worksite for the project will be as detailed in Annexure----- to the tender document.

Sample Prequalification Criteria

Eligibility Criteria

- 1.1 GST and PAN - Registration number (Incase of Indian Bidders). Foreign Bidders may submit PAN ID within one month (30 days) of award of contract.
- 1.2 Value Criteria - Bidder should have successfully completed similar supplies or with better (higher) requirements, works or services with
 - 1.2.1 One Work Order of value equal to 80% or more of the estimated cost or
 - 1.2.2 Two separate Works Orders, each for a value equal to 50% or more of the estimated cost or
 - 1.2.3 Three separate Work Orders, each for a value equal to 40% or more of the estimated cost
 - 1.2.4 The above criteria should be completed in last 7 years, for Government Departments or Public Undertakings or Private sectors (with in India). Similar supplies, works or services shall mean “-----Name of the procurement ---“.

(This requirement for Global tenders can be suitably modified with the approval of the TS authority if required)

OR

QUANTITY CRITERIA

- 1.2.5 One order of similar items of minimum total quantity 80% or more of the quantities tendered.

Or
 - 1.2.6 Two separate orders of similar items of minimum total quantity 80% or more of the quantities tendered.

Or
 - 1.2.7 Three separate orders of similar items of minimum total quantity 80% or more of the quantities tendered.
- 1.3 Proof of satisfactory service: Bidder shall submit performance certificate in respect of the experience of works claimed by bidder against execution of works listed above. Certification of satisfaction with complete detail of work carried out shall be submitted.

Further completion certificates should be issued by the end Customer. In case of experience of Private sectors, bidder has to submit TDS certificate issued by the Customer in support of payment received and execution of work.

- 1.4** The bidder should attach an OEM certificate or a valid authorization letter from OEM (if tender is being submitted on behalf of the OEM) of items given in the Bill of Material of Tender to quote and support the system with Service Centers at the worksite(s) as per consignee list.
- 1.5** Specific requirement of Global tenders based on tender can be defined in the tender.
- 1.6** A list of clients served (with contact address) shall also be attached.
- 1.7** Articles of Memorandum of Association or Partnership Deed or Proprietorship Deed as the case may be.
- 1.8** Average Annualized Financial Turnover: Vendor should have annualized average financial turnover of at least 30% of the estimated cost or equivalent during last 3 years ending 31st March of previous financial year. As a proof of financial turn over, copy of abridged Balance Sheet along with profit & loss account of the bidder for the last three year should be submitted.
- 1.9** Acceptance Letter: Unconditional acceptance of all tender conditions as per AAI format.
- 1.10** Power of Attorney: Power of Attorney (Stamp of Rupees 100/-) as per AAI format, authorizing the designated executive to sign all documents on behalf of the company or Firm, if the bid is not signed by the Director of the Company or Partner / Proprietor of the Firm.
- 1.11** Details of the Bidder Firm/ Company PQ Performa / Check list as per AAI format.
- 1.12** Bidder shall not be black listed or should not have a pending case or pending complaint of irregularity in India or abroad, by any global international body like World Bank / International Monetary Fund / World health Organization etc., or any Indian State/ Central Governments Departments or Public Sector Undertaking of India. Bidder is required to submit an undertaking in this regard as per format. If the claim of the bidder is found to be wrong or the bidder is blacklisted by any of these agencies during the bid evaluation process his bid is liable to be rejected at that stage.

- 1.13** The Contractor shall provide Pre-Qualification Documents as specified in this section. Lack of submission of any of the specified qualification documents or submission of any of the specified documents in a manner which is in non-conformance with the relevant clause of this tender document may result in rejection of the Tender.
- 1.14** Date of submission of the Bid will be taken as reference for assessing the eligibility criteria.

Page Left
Blank

FORMS OF SECURITIES, PAYMENT TERMS AND PRICE VARIATIONS

6.1 Forms of Security

6.1.1 Bid Security

6.1.1.1 In order to safeguard against a bidder's withdrawing or altering its bid during the bid validity period in tenders, Bid Security (also known as Earnest Money Deposit (EMD)) is to be obtained from the bidders along with their bids except from bidders who are exempted from paying Bid Security.

6.1.2 Rate of Bid Security

6.1.2.1 Each tender must accompany the earnest money amount equal to 2% of the estimated cost put to tender for the works costing upto Rs. 25 crores. For the works costing more than Rs. 25 crores, the amount of earnest money deposit should be Rs. 50 lakhs + 1% of the estimated cost over and above Rs. 25 crores.

6.1.3 Mode of Payment of Bid Security

6.1.3.1 **Domestic / National Bidding:** The Earnest Money Deposit should be in the form of a Demand Draft in favour of Airports Authority of India payable at (Place) in Indian rupees or in the form of Bank Guarantee (BG) of like amount as per Annexure-6_A from a Scheduled Commercial Bank (as per RBI Schedule) but not from any Co-operative Bank.

6.1.3.2 **International / Global Bidding:** The earnest money should be in the form of a Demand Draft in favour of Airports Authority of India payable at(Place) in Indian rupees or in US Dollar or in the form of Bank Guarantee (BG) of like amount as per Annexure-6_A from a Scheduled Bank (as per RBI Schedule) having office in India. Authorized representative / Agent of foreign bidders can also submit EMD in Indian rupees / US Dollars on behalf of their Principals.

6.1.3.3 The EMD in the form of Bank Demand draft or Bank Guarantee shall be valid for a period of six (6) months from the notified date of opening of the Tender without any conditions by the Contractor. In case the tender is not finalized within the

bid validity period, the validity of EMD shall be got extended for a suitable period. In such cases, the officer responsible for monitoring the EMD / BG should initiate for extension of validity of EMD alongwith the extension of the bid validity period.

6.1.3.4 Bidder shall provide the name, designation, address, Fax & Phone number of the bank issuing BG for confirmation purpose.

6.1.3.5 Govt. of India's Guidelines issued from time to time relating to exemption of earnest money should be applicable to MSME, SSI or PSU bidders and should be defined in NIT. In appropriate cases, submission of the Bid Security may also be waived with the approval of the TS Authority, especially in the case of indigenization / development tenders, limited tenders and procurements directly from the manufacturer or authorised agents.

6.1.4 **Refund of Earnest Money**

6.1.4.1 Earnest money deposited by bidders who get rejected in PQ or technical stage should be refunded within two week of rejection of their bids at each stage.

6.1.4.2 EMD of all eligible bidders whose financial bids are opened (except the confirmed lowest bidder) should be refunded within two week after award of order to successful bidder. Each procuring entity should maintain a register for the receipt and refund of EMD duly recording each event.

6.1.4.3 EMD of the successful bidder will be refunded after receipt of Performance Bank Guarantee. AAI shall refund same amount in INR / USD as received from bidders towards EMD and in the same currency with no interest or any other expenses, whatsoever, in any manner to the bidder or its authorized representative.

6.1.5 **Forfeiture of Earnest money**

6.1.5.1 A bidder's Bid Security will be forfeited if the bidder withdraws or amends its bid or breach of the conditions or the tender of impairs or derogates from the tender in any respect within the period of validity of the tender.

- 6.1.5.2 If the successful bidder fails to enter into a contract with AAI within 30 calendar days (or an extended period as approved by the Accepting Authority in AAI) after the receipt of the purchase order / work order.
- 6.1.5.3 If the successful bidder fails to submit the contract performance bank guarantee as stipulated in the General Conditions of Contract within 30 calendar days (or an extended period as approved by the Accepting Authority in AAI) after the receipt of the purchase order / work order.
- 6.1.5.4 If the bidder knowingly and willfully supplied incorrect information in the tender.
- 6.1.5.5 In the event of not accepting the conditions of the contract even after agreeing to do so and submitting the letter of unconditional acceptance of terms and conditions of the tender.
- 6.1.5.6 AAI may issue a Letter of Intent (LOI) to the declared L1 bidder and ask the bidder to accept the LOI within the specified time. If the bidder fails to accept the LOI, it will be construed that the Bidder is not interested in the offer. In such a situation AAI will en-cash and forfeit the EMD.
- 6.1.6 Performance Security**
- 6.1.6.1 Performance security or Performance Bank Guarantee (PBG) is to be obtained from the successful bidder awarded the contract. PBG is taken to ensure the due performance of the contract. Performance Security should be for an amount of ten (10) per cent of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of an irrevocable and unconditional bank guarantee on a Nationalized / Scheduled Bank. Submission of Performance Security is not necessary for a contract value upto Rupees 2 (Two) lakhs.
- 6.1.6.2 Performance Security is to be furnished by successful bidder within 30 days after notification of the award and it should remain valid for a period of 90 (ninety) days beyond the date of completion of all contractual obligations of the supplier, including warranty obligations.

6.1.6.3 In case the Contractor fails to submit the PBG within stipulated period, interest at 12% p.a. on Performance Guarantee amount would be levied (non-refundable) for delayed period of submission and shall be deducted from the first bill payable to the Contractor. In case, successful bidder fails to submit performance bank guarantee within 60 days of the issue of the letter of acceptance of his bid, AAI reserve the right to forfeit EMD and cancel the order. The TS authority may accept the PBG with delay and may waive-off the payable interest with justified reasons to be recorded on the file.

6.1.6.4 The Performance Security will be forfeited and credited to the accounts of AAI in the event of a breach of contract by the contractor. It should be refunded to the contractor without interest, after he duly performs and completes the contract in all respects but not later than 90(ninety) days of completion of all such obligations including the warranty under the contract. Return of Bid/ Performance Securities should be monitored by the senior manager / manager and delays should be avoided. Proper record of the receipt and release of EMD should be maintained by each department.

6.1.7 **Verification of Bank Guarantees**

6.1.7.1 Bank guarantees submitted by the tenderers / suppliers as EMD / Performance securities need to be immediately verified from the issuing bank before acceptance. Guidelines for verification of BGs submitted by the contractors against EMD / performance security / advance payments and for various other purposes are as follows:

6.1.7.1.1 BG shall be as per the prescribed formats. Check the BG for correctness in terms of text, PO no., validity, amount from the contract document and take corrective action incase of any discrepancy.

6.1.7.1.2 It should be insisted upon the contractors, suppliers etc. that BGs to be submitted by them should be sent to the organization directly by the issuing bank under Registered Post / Registered (A.D.) / Speed Post.

6.1.7.1.3 In exceptional cases, where the BGs are received directly through the contractors, suppliers etc., the

issuing branch should be requested to immediately send by Registered post / Registered Post (A.D.) / speed post an unstamped duplicate copy of the guarantee directly to AAI with a covering letter to compare with the original BGs and confirm that it is in order.

6.1.7.1.4 All BGs should be independently verified by the organizations.

6.1.7.1.5 The procuring entity should designate a dedicated officer who should be responsible for verification, timely renewal and timely encashment of BGs.

6.1.7.1.6 The BG contains the name, designation and code number of the Bank officer(s) signing the guarantee(s);

6.1.7.1.7 The address and other details (including telephone no.) of the controlling officer of the bank are obtained from the branch of the bank issuing the BG (this should be included in all BGs);

6.1.7.1.8 The confirmation from the issuing branch of the bank is obtained in writing through registered post / speed post / courier. The bank should be advised to confirm the issuance of the BGs specifically quoting the letter of Procurement Entity on the printed official letterhead of the bank indicating address and other details (including telephone nos.) of the bank and the name, designation and code number of the officer(s) confirming the issuance of the BG;

6.1.8 Safe Custody And Monitoring Of EMD'S, Performance Securities And Other Instruments

6.1.8.1 A suitable mechanism for safe custody and monitoring of EMDs and performance securities and other instruments should be evolved and implemented by each Department. Each Department shall also make institutional arrangements for taking all necessary actions on timely extension or encashment or refund of EMDs and Performance securities, as the case may be. Monitoring should also include a monthly review of all bank guarantees and other instruments expiring in next three months, along with a review of the progress of the corresponding

contracts. Extension of bank guarantees and other instruments, where warranted, should be sought immediately and implemented within their validity period. Such a system of monitoring of securities and other instruments may be considered to be computerized with automatic alerts about lapse of validity etc.

- 6.1.8.2 PBG when renewed by the company should again be verified following the same verification process.
- 6.1.8.3 Return PBG to the supplier on completion of all the contractual liabilities after taking due approval of the project manager.
- 6.1.8.4 However, before release of the PBG it must be ensured that there are no recoveries against the vendor against the project towards non-performance. Most of the times contracts are signed against the lump-sum value towards the supply of hardware, software, training, documentation, supply and installation etc. It becomes difficult to ascertain the amount to be recovered from performance bank guarantee towards the non-performance by the supplier. Non-performance shall be ascertained keeping in view of the Performance of the system / equipment as a whole. Matter shall be brought to the notice of the TS authority by site officers to resolve the issue with the supplier before recommending recovery from performance bank guarantee.

6.2 Payment clause

- 6.2.1 The elements of price included in the quotation of a tenderer depend on the nature of the goods to be supplied and the allied services to be performed, location of the supplier, location of the user, terms of delivery, extant rules and regulations about taxes, duties, and so on, of the seller's country and the buyer's country.
- 6.2.2 In case of indigenous goods, the main elements of price may include raw material, production cost, overhead, packing and forwarding charges, margin of profit, transit insurance, GST and other taxes (if applicable). In case of imported goods, in addition to similar elements of price as above, there may be elements of custom duty, import duty, landing and clearing charges etc. Further, depending on the nature of the goods (whether domestic or imported), there may be cost elements towards installation and commissioning, operator's training, and so on.

- 6.2.3 It is, therefore, necessary that, to enable the tenderers to frame their quotations properly in a meaningful manner, the tender documents should clearly specify the desired terms of delivery and also the duties and responsibilities to be performed by the supplier in addition to supply of goods.
- 6.2.4 **Elements of Price:** Where the price has several components such as the price of the goods, cost of installation and commissioning, operators training, and so on, bidders should be asked to furnish a cost break-up indicating the applicable prices and taxes for each of such components along with the overall price. The payment schedule and terms will be linked to this cost break-up.
- 6.2.5 **Currency:** The tender documents are to specify the currency (currencies) in which the tenders are to be priced. As a general rule, domestic tenderers are to quote and accept their payment in Indian currency, Indian agents / associates of foreign suppliers are to receive their agency charges in Indian currency, costs of imported goods, which are directly imported against the contract, may be quoted in foreign currency (currencies) and paid accordingly in that currency and the portion of the allied work and services, which are to be undertaken in India (like installation and commissioning of equipment) are to be quoted and paid in Indian currency.
- 6.2.6 **Payment to Suppliers:** In a supply contract, delivery of goods is the essence of the contract for the purchaser. Similarly, receiving timely payment for the supplies is the essence of the contract for the seller. A healthy buyer-supplier relationship is based on the twin foundation of timely and quality supply, on the one hand, and prompt and full payment to the supplier, on the other. It should be ensured that all payments due to the supplier, including release of the performance security, are made on a priority basis without delay as per the tender / contract conditions keeping the following intent:
- 6.2.6.1 As far as possible, the payment terms and time schedule should be given in the contract and must be adhered to.
- 6.2.6.2 Prompt and timely provision of statutory certificates to the seller for taxes deducted at source, are as much a part

of payment as the amount actually released. A detailed payment advice showing the calculations and reasons for the amounts disallowed and taxes deducted must be issued to the supplier along with payment. As soon as possible, but not later than the date of submission of Tax returns, the Procuring Entity must provide the statutory certificates for the taxes deducted to the Supplier, so that he is able to claim set-offs and refunds from the concerned authorities.

- 6.2.6.3 Release of payment and settlement of the final bill should be processed through the Finance Department as per the terms and conditions of the contract.
- 6.2.6.4 No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates should be allowed.
- 6.2.6.5 Before the payment is made, the invoice should be cross-checked as per contract.

6.3 Terms of Payment for domestic Goods

6.3.1 FOR dispatching station

- 6.3.1.1 60% of purchase order price for supply of items against proof of dispatch.
- 6.3.1.2 10% of purchase order price and 100% of freight, insurance, taxes and duties against receipt of goods at site in good condition.
- 6.3.1.3 Balance 30 % of goods cost and 100% of Installation and commissioning cost on completion of Installations and site acceptance by AAI.
- 6.3.1.4 100% Documentation Charges (if quoted separately) on supply of documents at site.
- 6.3.1.5 100% of the training charges (if quoted separately) on completion of the training activity.

6.3.2 FOR destination / site

- 6.3.2.1 70% of purchase order price for supply of items and 100% of freight, insurance, taxes and duties against receipt of goods at site in good condition.

- 6.3.2.2 Balance 30 % of goods cost and 100% of Installation and commissioning cost on completion of Installations and site acceptance by AAI.
 - 6.3.2.3 100% Documentation Charges (if quoted separately) on supply of documents at site.
 - 6.3.2.4 100% of the training charges (if quoted separately) on completion of the training activity.
- 6.3.3 AMC payments (if part of the same order after completion of warrantee period):
- 6.3.3.1 100% of AMC quarterly charges will be paid on quarterly basis at the end each quarter
- 6.4 Documents required for release of payment
- 6.4.1.1 Invoice + 2 copies
 - 6.4.1.2 Itemized Packing list + 2 copies
 - 6.4.1.3 Certificate of Factory Acceptance Test (if done by AAI) or QC issued by QC department of supplier
 - 6.4.1.4 Proof of dispatch of items – factory gate pass etc
 - 6.4.1.5 Site acceptance certificate of goods received at site in physically good packed condition
 - 6.4.1.6 Installation / commissioning Certificate (As applicable for final payments). This clause will not be applicacable for supply only contracts.
 - 6.4.1.7 Documents received certificate as applicable
 - 6.4.1.8 Training Completion Certificate as applicable
 - 6.4.1.9 Quarterly AMC Invoice (For AMC cases)
 - 6.4.1.10 Certificate of satisfactory service during AMC period from user
- 6.5 Terms of Payment for Foreign Supplies
- 6.5.1 Payment through Letter of Credit: In case of foreign supply, AAI shall open LC for the amount equivalent to 100% of the quoted value by Contractor against supply of imported goods and services from overseas. Letter of Credit shall be opened upon submission of PBG. The LC charges shall be payable by AAI in India and by the Contractor outside India.
 - 6.5.2 **Foreign bidder quoting in foreign currency for overseas supply and services:** AAI will make the payment in foreign

currency as per quoted price by the Contractor in foreign currency quoted by the supplier for imported goods and services subject to any adjustment as per clauses relating to custom duty, payments etc.

6.5.3 Foreign Bidder quoting in INR for Indian Services and supplies: Contractor shall quote in INR for the supplies to be made from India and AAI shall also pay in INR for such supplies directly to Indian Contractor against his Invoice duly endorsed by Principal Contractor on receipt of goods and services in good condition. Payment to Indian Contractor / service provider / agent on behalf of his Principal Contractor shall be construed as full discharge of AAI obligation to foreign Contractor as per agreement. Principal Contractor has to give an undertaking that in case the Indian Contractor / service provider / agent raises any dispute and financial claim against AAI, the same will be dealt by the foreign Contractor at his own risk and cost without any liability to AAI. Such payment can also be made to Principal Contractor directly but in INR on producing proof towards payment of Taxes as applicable provided Contractor fulfils all the requirement of Indian Banker.

6.5.3.1 For such contractors bidding in INR in Global tenders, the payments of the INR component shall be governed on the lines of payment terms for Domestic Goods.

6.5.4 Foreign Contractors quoting in INR:

6.5.4.1 In case, Foreign Contractors quoting in INR, then LC shall be opened in any major convertible currency or in INR as per request of Contractor.

6.5.4.1.1 **Letter of Credit opened in INR:** Contractor has to ensure that overseas banker fulfils all statutory requirement connected with the flow of payments.

6.5.4.1.2 **Letter of Credit opened in Foreign currency:** To calculate equivalent foreign currency equivalent to INR value quoted by Contractor, the currency conversion rate applicable on the date of opening of LC shall be taken. The total amount payable shall be firm in Indian rupees as per bid

of the contractor. Therefore, any fluctuation in the exchange rate shall be on the account of Contractor in case prices are quoted in INR for foreign supplies. However, AAI shall pay in INR for supplies made from India.

6.6 Payment Terms to Foreign Suppliers

- 6.6.1 70% of Supply cost of LC amount for supply of imported goods, 100% of Overseas Freight & Insurance if paid by Contractor and 100% custom duty & IGST (directly to Custom Authorities).
- 6.6.2 Balance 30 % of goods cost and 100% of Installation and commissioning cost on completion of Installations and site acceptance by AAI.
- 6.6.3 100% Documentation Charges (if quoted separately) on supply of documents at site.
- 6.6.4 100% of the training charges (if quoted separately) on completion of the training activity.
- 6.6.5 AMC payments (if part of the same order after completion of warrantee period):
 - 6.6.5.1 100% of AMC quarterly charges will be paid on quarterly basis at the end each quarter

6.7 Documents required for release of payment (Foreign Supplies)

- 6.7.1 Invoice + 2 copies
- 6.7.2 Itemized Packing list + 2 copies
- 6.7.3 Air Way Bill + 2 copies as proof of dispatch of items
- 6.7.4 Certificate for Country of origin
- 6.7.5 Certificate of Factory Acceptance Test (if done by AAI) or QC issued by QC department of supplier
- 6.7.6 Proof of receipt of items at consignee for supplies made from India in packed good condition. (In case payment is through LC to Principal Contractor in INR.)

6.7.7 Installation / commissioning Certificate (As applicable for final payments). This clause will not be applicable for supply only contracts.

6.8 Modes of Payment for domestic Goods

6.8.1 Payments to domestic suppliers are usually made through electronic payment systems like Electronic Clearance System (ECS), Real-Time Gross Settlement Systems (RTGS), National Electronic Funds Transfer (NEFT) or Electronic Payment Gateways. In case of domestic suppliers, especially against high value contracts for sophisticated equipment/ machinery, payment through LC, depending on the merits of the case, may be agreed to on request of the contractor. In such a situation the LC charges has to be borne by the contractor. The L1 bidder may be asked to provide the Bank Account details, A/c Holder's name, Bank Account No, IFSC Code, Name of the Bank / Branch at the signing of the Contract and should be a part of the Contract document.

6.9 Modes of Payment for imported Goods

6.9.1 For imported goods, payment usually happens through the Letter of Credit (LC) opened through any scheduled bank as decided by the Procuring Entity. The amount of LC should be equal to the total payable amount, and be released as per the agreed contract conditions.

6.10 Letter of Credit (LC)

6.10.1 Two banks are involved in payment to the supplier by LC, the purchaser's bank and supplier's bank. The purchaser is to forward the request to its bank in the prescribed format as formulated by the Bank, along with all relevant details including an authenticated copy of the contract. Based on this, the purchaser's bank opens the LC on behalf of the purchaser for transacting payment to the supplier through the supplier's bank. Care should be taken to ensure that the payment terms and documents to be produced for receiving payments through LC are identical with those shown in the contract. Generally, the irrevocable LC is opened so that the supplier is fully assured of his payment on fulfilling his obligations in terms of the contract. In case the delivery date of the contract is extended to take care

of delay in supply, for which the supplier is responsible, the tenure of the LC is also to be extended, but the expense incurred for such an extension (of LC) is to be borne by the supplier.

6.11 Advance Payments

- 6.11.1 Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:
 - 6.11.1.1 Advance payment demanded by firms holding maintenance contracts for servicing of costly equipment like computers / servers / CNS equipment etc.
 - 6.11.1.2 Advance payment demanded by firms against turnkey projects involving supply, installation and commissioning and so on;
 - 6.11.1.3 Advance payments demanded by PSU's & Government organizations towards the goods and services being supplied by these departments.
- 6.11.2 Such advance payments should not generally exceed thirty (30%) per cent of the contract value to private firms. However, in case of Government / PSU's the higher amount of advance payment can be agreed with the approval of the competent authority.
- 6.11.3 In case of the maintenance contract, the amount should not exceed the amount payable for six months under the contract;
- 6.11.4 In exceptional cases, the Procuring Entity may relax the ceilings mentioned above with prior concurrence of the Competent Authority. While making any advance payment as above, adequate safeguards in the form of a bank guarantee, and so on, should be obtained from the firm. Further, such advance payments should be generally interest bearing, suitable percentages for which are to be decided on a case to case basis.
- 6.11.5 Documents, needed from the supplier for release of payment, are to be clearly specified in the contract. The paying authority should also verify the documents received from the supplier with corresponding stipulations made in the contract before releasing the payment.

6.12 Compensation for Delay:

- 6.12.1 Payment shall be released after adjusting any compensation for delay which firm might have rendered themselves liable as per provisions of contract and applicable income tax and any applicable deductions as per laws and purchase order. In charge reserves the right to release / hold the partial payment depending on the completed or uncompleted activities & **deduct the AMC charges based on quality of service.**

6.13 Freight & Insurance charges

- 6.13.1 Normally, in case of imported items, freight and insurance is arranged by GM(CRSD).
- 6.13.2 The bidder (foreign suppliers quoting on FOB basis) must indicate the freight & insurance charges for shipment of entire supply by Sea from the Port of dispatch to an Indian Port . Total freight and insurance charges for entire supply must be indicated in the pricing schedule & will be taken for the purpose of price comparison. Wherever the supplier does not indicate the freight & insurance charges, a flat rate of 3% of the quoted FOB price will be added as freight & insurance charges for computing CIF value for the purpose of ascertaining custom duty and price comparison.
- 6.13.3 The overseas bidder quoting on DDU basis must include the freight and insurance charges for shipment of consignment by sea from the port of dispatch to the Indian port or by AIR as per Tender requirement. In addition , his bid shall also include transportation & insurance charges in India up to the consignee address. The charges for freight and insurance will be paid by AAI restricted to the maximum quoted value by the bidder.
- 6.13.4 Supplier shall provide the detail of each consignment like size, gross weight etc for the purpose of hiring freight forwarder in case of FOB supplies.
- 6.13.5 However, AAI reserves the right to ask the successful bidder to make arrangement for transporting the equipment by Sea from the port of dispatch to an Indian Port as assigned in consignee list, in which case, the freight and insurance charges will be reimbursed by AAI restricted to the maximum value quoted by the bidder.

- 6.13.6 In case, it is decided to obtain the delivery of items by Air due to urgency then bidder shall be asked to quote the price of freight and insurance by Air.
- 6.13.7 Indian bidder quoting the price on ex-works basis shall make arrangements for transporting the equipment ex-works to the ultimate consignee. The charges for freight and insurance in INR will be paid by the successful bidder and will be reimbursed by AAI subject to maximum value quoted by bidder.
- 6.13.8 In case, Successful bidder is responsible for delivering the items upto consignee Airport, then he shall make his own arrangement for obtaining Road permits/entry passes for transporting the system to consignee Airport , however , AAI will provide the requisite documents for obtaining road permits.
- 6.13.9 In every case where advance payment or payment against dispatch documents is to be made or LC is to be opened, the condition of insurance should invariably be incorporated in the terms and conditions. Wherever necessary, the goods supplied under the contract, shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the contract. If considered necessary, insurance may cover “all risks” including war risks and strike clauses. The amount to be covered under insurance should be sufficient to take care of the overall expenditure to be incurred by the Procuring Entity for receiving the goods at the destination. Where delivery of imported goods is required by the purchaser on CIF/CIP basis, the supplier shall arrange and pay for marine / air insurance, making the purchaser the beneficiary. Where delivery is on FOB / FAS basis, marine / air insurance shall be the responsibility of the purchaser.

6.14 Taxes, duties and levies

- 6.14.1 Statutory duties and Taxes on domestic Goods. - The duties and taxes as levied by the Government on domestic goods vary from product to product. Unless a different intention appears from the terms of the contract, statutory variation in duties or taxes are to be borne by the buyer (Procuring Entity). As a general policy, the statutory variations in such duties and taxes are to be allowed

during the period from the date of the tender to the date of acceptance of the tender (that is, placement of the contract) and during the original / re-fixed delivery period of the contract so that both the supplier and purchaser are equally compensated for rise or fall in the price of the goods on account of such statutory variations.

6.15 Customs duty on imported Goods

- 6.15.1 AAI shall load the custom duty on the imported items under procurement to bring uniformity in the price bids of different bidders. AAI may also appoint Custom Handling Agent (CHA) on annual basis as consultant for ascertaining the rate of custom duty.
- 6.15.2 In case, Overseas supplier is responsible for custom clearance or Indian supplier intends to supply some item from overseas then the imported material shall be imported in the name of Airports Authority of India (AAI) to avail benefits of EPCG License under Services exports from India Scheme (SEIS) and insurance policy shall be in the name of AAI. The successful bidder shall not make payment to customs authority directly for items mentioned above, as AAI has Customs duty Licenses issued under the EPCG License under Services exports from India Scheme (SEIS) by the Director General of Foreign Policies under foreign trade policy act 2004-2009. Hence, the contractor is required to make all documentation for importing in such a way which is acceptable to Customs Authorities for utilizing the entitlement certificates by AAI. The amount of customs duty entitlement Licenses used/ issued under this scheme shall be deducted from contractor's bill.
- 6.15.3 On imported goods, the tenderers shall also specify separately the total amount of custom duty included in the quoted price. The tenderers should also indicate correctly the rate of custom duty applicable for the goods in question and the corresponding Indian customs tariff number. Where customs duty is payable, the contract should clearly stipulate the quantum of duty payable, and so on, in unambiguous terms. The standard clauses to be utilised for this purpose are to be incorporated in the tender enquiry documents. Any import of materials directly from the supplier or manufacturer should be in the name of AAI. In this regard, all formalities will be completed by AAI engaging a Custom House Agent (CHA) and payment in this regard will be borne by AAI.

- 6.15.4 In case, the Custom duty Licenses under the above mentioned scheme is not accepted for any reason by the Custom Authorities, the Custom duty shall be paid by the Contractor or AAI to the Custom Department directly. In the event of contractor paying customs duty directly to custom department, the contractor shall submit the proof of customs duty paid for imported items to AAI and will be reimbursed by AAI.
- 6.15.5 In case, bidder is asked to quote the price on DDU basis and responsible for custom clearance also, then bidder shall indicate custom duty in his price bid. Custom duty will be restricted to a value quoted by bidder. Custom duty more than the quoted value will be adjusted from Invoices submitted for payments. Successful bidder shall obtain all the relevant documents from AAI seven days in advance to avoid any hassles at the time getting the consignment custom cleared. Any demurrage due to delay in getting the consignment custom cleared shall be on account of supplier.
- 6.15.6 Any increase or decrease of custom duty at the time of clearance of consignment due to reclassification or amendment to custom duty tariff will be on account of AAI. Additional custom duty charged by Custom Authorities due to non-inclusion of item for the purpose of custom duty or quoting under wrong head shall be on account of supplier.
- 6.15.7 Custom duty shall be quoted in the same currency in which imported items are quoted which will be converted into INR at an exchange rate applicable on the day of opening of PQ bid for the purpose of financial evaluation. Quoted Custom duty will be converted into INR at an exchange rate indicated on Bill of Entry for the purpose of recovery / claims.
- 6.15.8 In case the payment of the custom duty is the responsibility of the supplier AAI may obtain an indemnity bond from the supplier indemnify AAI from all future claims to be raised by DRI towards the custom duty actually paid or payable on account of any reason. Only the documented increase in custom duty after the opening of the financial bid is the liability of AAI provided the supplies have been made in time. In case of delay in supplies for reasons not covered in the force majeure clause

and the increase of custom duty is announced during the delayed period the same shall have to be the responsibility of the supplier.

6.16 Custom handling and clearing charges:

6.16.1 Normally, custom clearance is the responsibility of the Port consignee. However, in case successful bidder is responsible for getting the consignment custom cleared then contractor shall indicate the custom handling and clearing charges and payment shall also be made either to the bidder or its authorized Indian Agents.

Bank Guarantee Format for EMD
(To be submitted when the form of EMD submission is BG)

(On Non-judicial stamp paper of Rs.100.00)

Bank Guarantee

Airports Authority of India,
CHQ, Rajiv Gandhi Bhavan,
Safdarjung Airport,
New Delhi 110 003,
INDIA

Dear Sir,

We _____(full name of the banker) having our registered Office at _____(Address of Bank's registered Office) hereby refer to the tender No.- -----for(name of work) issues by the Airports Authority of India as purchaser.

M/s _____ (fill in the name of bidder) has approached the bank for providing a Bank Guarantee for EMD for participation in said tender.

Under the terms of said tender, the Bidder is required to provide a bank guarantee in a form acceptable to the purchaser for the amount of Rs.....(amount in figures)(Rupees) on account of EMD.

We, _____ (Name of the Bank hereby give this Bank Guarantee No. _____ dated _____ for an amount of Rs.....(amount in figures)(Rupees) on account of EMD.

Upon default of the tender, we, -----(Name of the bank), do hereby agree unequivocally and unconditionally to pay immediately on demand in writing from the Airports Authority of India or any Officer authorized by it on its behalf any amount not exceeding Rs. _____ (amount of EMD) (Rupees _____

_____) (in words) to the Airports Authority of India on behalf of the Bidder.

The determination of the fact of breach and the amount of damages sustained and or liability under the guarantee shall be in the sole discretion of the purchaser whose decision shall be conclusive and binding on the guarantor.

This bank guarantee is confirmed and irrevocable and shall remain in effect until _____ (the validity shall be six months from the date of opening of Tender) and such extended periods which may be mutually agreed to. We hereby expressly waive notice of any said extension of the time for performance and alteration or change in any of the term and conditions of the said tender.

Truly yours,

(Authorized Signatory of the Bank)

Chapter 7

Evaluation of Bids and Award of Contract

7.1 Tender Evaluation: Evaluation of tenders is one of the most significant areas of Purchase Management and the process must be transparent. All the tenders are to be evaluated strictly on the basis of the terms & conditions incorporated in the tender document and subsequent corrigendum to the tender. No criteria shall be used for evaluation of tenders that cannot be verified in accordance with the tender document. No hearsay information or hitherto undeclared condition should be brought in while evaluating tenders. The aim should be to ensure that no Bidder gets undue advantage at the cost of other Bidders and / or at the cost of AAI. Information relating to evaluation of Tenders and Pre-qualification (PQ) / Tender Evaluation Committee (TEC) deliberations should be kept confidential and should not be shared with persons not officially connected with the process. PQ / TEC should normally comprise of 1-3 members depending upon the complexity and cost of the tenders. A representative of finance shall be associated with the financial bid evaluation process. TEC should not be very large as it may slow down the evaluation process. However, suitable domain / technical experts may be included in the Committee to render assistance in evaluation of the bids. The Bid manager shall act as a convener of the PQ / TEC.

7.2 Tender Evaluation Committees (TEC):

7.2.1 Eligibility / Prequalification evaluation, Technical evaluation and financial evaluation shall be carried with the approval of the TS authority as per following guidelines:

Estimated cost of Procurement (Excluding indirect taxes)	PQQ Evaluation	Technical Bid Evaluation
Upto Rs 5 crores	Assistant Manager and above with one member from finance	Manager and above
From Rs 5 crore to Rs 100 crores	Manager and above with one member from finance.	Sr Manager and above. Head of the Committee shall be DGM and above
Over and Above Rs 100 Crores	Sr Manager and above with one member from finance.	AGM and above. Head of the committee shall be GM.

- 7.2.2 The TS authority may entrust the bid evaluation of tenders upto Rs. 5 Crore solely and directly to an individual expert competent to carry out the evaluation without the need to have a tender evaluation committee. However, TS authority may appoint a committee in case of complex tender even when the tender cost is Rs. 1 Crore or even less.
- 7.2.3 While nominating a team for technical evaluation the TS authority should nominate officers with proven technical credentials in the relevant field and a panel for such experts may be prepared by the procuring entity for the purpose of nomination on the Technical Evaluation Committee.

7.3 Preliminary (PQ) Evaluation

- 7.3.1 **Unresponsive Tenders:** Tenders that do not meet the requirements specified in the bid documents are to be treated as unresponsive and ignored. All tenders received will first be scrutinized by the PQ committee / TEC to see whether the tenders meet the requirements as incorporated in the Bid document at Pack 1 / Pack-2 or Pack-3 stage and to identify unresponsive bids, if any. Some important points on the basis of which a tender may be declared as unresponsive and be ignored during the initial scrutiny are listed below:
- 7.3.1.1 The tender is unsigned or not in the prescribed format or not signed as per stipulations in the bid document.
 - 7.3.1.2 The bidder is not eligible to participate in the bid as per laid down qualification/eligibility criteria. (example : the tender enquiry condition says that the bidder has to be a registered MSE unit but the tenderer is, say a large scale unit).
 - 7.3.1.3 Required Tender Fee or EMD has not been provided OR exemption of Tender fee or EMD is claimed without acceptable proof of exemption.
 - 7.3.1.4 The bid departs from the essential requirements specified in the bidding document (for example, the bidder has not agreed to give the required performance security);
 - 7.3.1.5 The Tenderer has quoted for goods manufactured by a different firm without the required manufactures authority letter (MAF) from the proposed manufacturer.
- 7.3.2 In E- Procurement, there could be discrepancies between the uploaded scanned copies and the Originals submitted by the bidder. However, normally no submission of Original documents in Physical format other than cost of Bid documents, Bid Security and statutory certificates, if any should be asked for in E_procurement. If any such discrepancies are noticed they may be conveyed to the tenderer through portal / email asking him to respond by a target date and if the tenderer doesn't agree to the Procuring Entity's observation, the tender is liable to be rejected.

7.3.3 Minor Infirmary / Irregularity / Non - conformity / Shortfall Documents:

During the preliminary examination, some minor informality and / or irregularity and/ or non conformity / shortfall documents / non submission of documents may be found in some tenders. Such minor issues could be missing pages / attachment or illegibility in a submitted document, non submission of required number of copies of a document. There have also been cases where the bidder submitted the amendment Bank Guarantee but omitted to submit the main portion of Bid Document. Such “minor” issues may be waived provided the same does not constitute any material deviation and financial impact.

7.3.4 Clarification on Bids / Shortfall Documents: Wherever necessary, observations on such “minor” issues (as mentioned above) may be conveyed to the bidder by email or CPPP portal. During evaluation and comparison of bids, the purchaser may, at his discretion, ask the bidder for clarifications on the bid. The request for clarification shall be given in writing by email asking the tenderer to respond by a specified date, and also mentioning therein that, if the tenderer does not comply or respond by the date, his tender will be liable to be rejected. In the interest of expeditious decision making in the tender process not more than two chances should be given to any vendor to respond to AAI queries. Depending on the outcome, such tenders are to be ignored or considered further. No change in prices or substance of the bid shall be sought, offered or permitted. No postbid clarification at the initiative of the bidder shall be entertained. The shortfall information/ documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then. These should be called only on the basis of the recommendations of the PQ / TEC. (Example: if the Permanent Account Number, registration with sales tax / VAT has been asked to be submitted and the tenderer has not provided them, these documents may be asked for with a target date as above). So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. For example, if the bidder has submitted a supply order without its completion / performance certificate, the certificate can be asked for and considered. However, no new supply order should be asked for so as to qualify the bidder.

7.3.5 Consideration of Unsolicited and Single offers in Limited Tender Enquiry (LTE):

7.3.5.1 Limited tenders should be called through the e-tender portal only permitting the selected / registered bidders only to participate in the process. The e-tender portal shall ensure no unsolicited offers against such Limited Tenders enquiries. In general unsolicited offers in Govt purchases should be ignored.

7.3.5.2 When in response to a call for Limited Tenders (as distinct from Single & open Tenders) only one tender is received, fresh tender should be invited except in urgent cases of purchases. The urgency has to be certified duly recording the reasons by the TS authority.

7.4 **Evaluation of Responsive Bids:** All responsive bids are evaluated by the PQ Committee / TEC with a view to select the lowest (L1) bidder who meets the qualification criteria and technical requirements of the tender. In case of Single Stage 1-Pack tender, the evaluation of qualification of bidders, technical and financial aspect is done simultaneously. In Single Stage Multiple Pack processes, initially only the PQ / Technical bids would be opened and evaluated for bidders who meet the eligibility / qualification criteria as the case may be. Technical evaluation would be taken up only for the bidders found to be meeting the eligibility criteria. Financial bids of such the technically successful bidders would only be opened for selecting the L1 bidder. Financial bids of technically unsuccessful bidders would not be opened. In Two Stage Bids, the PQB/ EoI stage would have already been evaluated as detailed in Chapter 4 and this second stage is for evaluation of responses to the Second Stage Multiple Packs from the shortlisted qualified bidders. Evaluation of technical and financial aspects is, however, discussed separately below. The authenticity, integrity and sanctity of unopened bids is ensured automatically in the electronic bidding process at all times / stages of the tender.

7.4.1 **Evaluation of PQ / Technical Bids:** In evaluation of the PQ / technical bids, conformity of the eligibility / qualification and technical conditions (as per the stage of the tender) to the requirements of the tender document is ascertained. Additional factors, if any, incorporated in the tender documents may also be considered in the manner indicated therein. Evaluation has to be based only on the conditions included in the tender document and other conditions not part of the tender should not form the basis of this evaluation.

7.4.1.1 **Evaluation of Pre Qualification Criteria:** AAI, will determine, to its satisfaction, whether the bidders are eligible, qualified and capable in all respects to perform the contract satisfactorily as per the PQ criteria of the tender document. Bidders who do not meet the required eligibility / pre-qualification criteria prescribed in the tender will be treated as unresponsive and will not be considered further. This determination will inter-alia, take into account the Bidders technical, production and financial capabilities for satisfying all the requirements of AAI as incorporated in the tender document. Such determination will be based upon scrutiny and examination of all relevant data and details submitted by the Bidder in its/ his Bid in response to the tender as well as such other allied information as deemed appropriate by AAI.

- 7.4.1.2 **Evaluation of Technical suitability:** The description, specification and drawings and other technical terms and conditions are examined by the TEC during this phase. Nobody outside the TEC should be allowed to determine this evaluation. Even if external experts advice and report is obtained, it is still the responsibility of the TEC to accept/ reject or modify the evaluation contained in such report / evaluation. The tender document should clearly state whether alternate offers/ makes/ models would be considered or not and in the absence of express statement to the effect, these should not be allowed. One of the important documents is the “Exceptions/ Deviations form” submitted by the Bidder. It is important to judge whether an exception/ deviation is minor or major. Minor exceptions / deviations may be waived with the approval of TS authority provided the same does not constitute any material deviation and do not have significant/ financial impact and, also would not prejudice or affect the ranking order of the price bid.
- 7.4.1.3 **Considering Minor Deviations:** The TS authority is entitled to consider and allow minor deviations, which don’t amount to material deviations. A material deviation, reservation, or omission which should not be waived are those that
- 7.4.1.3.1 Affects, in any substantial way, the scope, quality or performance of the goods and related services specified in the contract.
 - 7.4.1.3.2 Limits, in any substantial way, inconsistent with the tendering documents, the Rights of AAI or the tenderers obligations under the contract OR
 - 7.4.1.3.3 If rectified, would unfairly affect the competitive position of other tenderers quoting substantially responsive tenders.
- 7.4.1.4 **Declaration of Technically Successful bidders:** The PQ & TEC prepares recommendations on the PQ / technical bids to declare technically successful Bidders. In such cases, after the approval of the TS authority, the price bids are opened online on the CPPP portal. Technically suitable bidders may witness the financial bid opening online through internet or may depute their authorized representatives to AAI bid manager’s office for observing / witnessing the bid opening activity. The financial bids should be opened / processed only after 24 hours of informing all bidders. Any representation received during the process must be disposed off before opening of the financial bids.
- 7.4.2 **Right of Bidder to question rejection at PQ / Technical stage:** A bidder shall have the right to be heard in case he feels that a proper procurement process is not being followed and his PQ / technical bid has been rejected wrongly. The bidder is to be permitted to send his representation in writing. On receipt of representation, it may be decided whether to withhold opening of the financial bids and bidder may

be expeditiously replied. However, such representation may be entertained within 24 hours of declaration of the PQ / Technical Acceptance / Rejection. Financial Bid opening where there are rejections may be scheduled accordingly. Only a directly affected bidder can represent in this regard. Certain decisions of AAI (as contained in this chapter) in accordance with the provision of internal guidelines shall not be subject for review.

7.5 Opening of Price bids:

- 7.5.1 Proposal for Opening Price bids: After completion of technical evaluation and resolving deviations if any, a proposal for opening the price bids of qualified bidders is to be put up for approval of the TS authority. It must be ensured that all the bids are having adequate validity. In the case of single bid tendering, the technical requirements and prices are invited in one bid, hence, proposal for opening price bids is not required.
- 7.5.2 Guidelines for Opening Price bids: The Purchase Executive shall ensure that the following documents are prepared and appended to the proposal note for opening price bids.
 - 7.5.2.1 Duly signed reports of PQ / Technical Evaluation
 - 7.5.2.2 Comparative statement of all technical parameters and deviations sought (if any) and mutually agreed during Technical meetings / correspondence, as applicable.
 - 7.5.2.3 Documentary evidence for rejection of bids after Technical evaluation such as Minutes of TEC meetings / Technical Rejection note from TEC, as applicable.
 - 7.5.2.4 Technical Acceptance Note from the TS authority.
- 7.5.3 The price / Financial bids shall be opened by a team comprising of at least one executive from the concerned Directorate and one from Finance department after obtaining approval from the TS authority by using their individual Digital Service Certificates (DSC). In e-tender portal at least two members out of the committee of four members should open the bids online with their digital signatures.
- 7.5.4 The dealing Purchase executive shall ensure that adequate and reasonable time is given to the bidders for participation in the financial bid opening proceedings. Necessary letter intimation shall be uploaded on the CPPP portal. Additionally email intimations can also be sent to all the technically accepted / eligible bidders intimating them the scheduled date and time of opening of the Financial Bids.

7.6 Evaluation of Financial Bids and ranking of Tenders in General:

- 7.6.1 In case a price bid is ambiguous so that it may very well lead to two equally valid total price amounts, then the bid should be treated as unresponsive.

- 7.6.2 Some time certain bidders offers suo-moto discounts and rebates after opening of tender (Technical or Financial). Such rebates / discounts should not be considered for the purpose of ranking of offer, but if such a firm becomes L-1 at its original offer, such suo-moto rebates can be incorporated in the contracts. Same applies to conditional rebates e.g rebate for faster payments etc.
- 7.6.3 Normally the comparison of the responsive tenders shall be done on the total outgo from AAIs pocket, for the procurement, to be paid to the supplier or any third party. This should include all elements of costs as per the terms of the proposed contract, including any taxes, duties, levies etc. Therefore, the comparison of the responsive tenders shall be all inclusive and as per stated tender conditions.
- 7.6.4 In the case of goods manufactured in India or goods of foreign origin already available in India all statutory duties and taxes, which will be contractually payable (to the bidder) are to be added.
- 7.6.5 In the case of goods of foreign origin offered from abroad, customs duties and other similar import duties/ taxes, which will be contractually payable (to the bidder) on the goods, are to be added.
- 7.6.6 As per policies of the Government from time to time, the Purchaser reserves his option to give price / purchase preferences as indicated in the tender document.
- 7.7 Global Tender Enquiry (GTE) / International Competitive Bidding (ICB)**
Tenders: Special aspects of evaluation of the financial offer in GTE tenders are :
- 7.7.1 **Currency of Tender:** In GTE tenders, the price in the quotations could be in US dollars or Euro, or Pound Sterling or Yen or in combination under the RBIs basket of currencies in addition to the Indian Rupees for expenditure incurred in India. All offers are to be converted to INR based on the “Bill currency selling” exchange rate on the date of tender opening (Pack-1) from a source as specified in the Tender document.
- 7.7.2 **Evaluation of offers:**
- 7.7.2.1 All Importing Government Departments / PSUs are now allowed to make their own shipping arrangements without needing to route their requirements through Chartering wing of Ministry of Shipping.
- 7.7.2.2 The Foreign bidders are normally asked in the bid documents to quote both on FOR / FOB basis duly indicating the break –up of prices indicating freight, insurance etc, with the purchaser reserving the right to order on either basis. They are also to indicate the Customs Tariff Number and the customs

duty applicable in India. In the case of FOR/ FOB offers, the freight and insurance shall be (after ascertaining, if not quoted) added to make it CIF cost. To arrive at FOR cost, 1% shall be added over CIF as Port Handling charges. Customs duty, Countervailing Duty and Surcharges as applicable on the date of opening of tender as well as Clearing Agency charges, Inland Freight and other taxes, if any, as assessed, may be added to make it FOR / FOT (Free on truck) destination. FOR/ FOT destination price for Domestic Offers may be calculated as in National Competitive Bidding (NCB) Tenders. For bids with LC payment, likely LC charges (as ascertained from AAIs Bankers) should also be loaded.

7.7.2.3 In case both Indian and Foreign bidders have quoted in the Tender, the comparison of the offers would be done on the basis of FOR / FOT destination including all applicable taxes and duties (on the principle of total cash outflow from AAIs pocket).

7.8 Timely processing of Tenders:

7.8.1 Delays in finalizing procurement deprive the public of the intended benefits and results in lost revenues and cost overrun. To enable timely decision making, complete time schedule of finalizing the tender process from the date of issuing the tender to date of issuing contract, should be published in the Bid Documents. Every official in the chain of procurement operation is accountable for taking action in a specified time, so that the tender is finalized on time.

7.8.2 The suggested time schedule in Table below is a guideline of the timeline for finalizing contracts against various modes of procurements .

Indicative time Schedule

Sr. No.	Mode of Procurement	Indigenous	Global
1.	Open Tender (E-Tender)	90 days	120 days
2.	Procurement through registered vendors / (Special) Limited Tenders	45 days	60 days
3.	Proprietary basis/ Nomination basis	30 days	60 days

7.8.3 The time schedule is only indicative and the schedule is subject to change based on nature of requirements, sourcing, sample evaluation, site visit / pre bid meeting with prospective bidders and so on.

7.9 Extension of Tender Validity Period:

7.9.1 The entire process of scrutiny and evaluation of tenders, preparation of ranking statement and notification of award must be done expeditiously and within the original tender validity period. The validity period should not be unreasonably long as keeping the tender unconditionally valid for acceptance for a longer period entails the risk of getting higher prices from the bidders.

7.9.2 If, however, due to some exceptional and unforeseen reasons, the Purchase Executive is unable to decide on the placement of the contract within the original validity period, it may preferably request, before expiry of the original validity period, all the responsive bidders to extend the validity of their bids up to a specified period. While asking for such extension, the bidders are also to be asked to extend their offers, as it is, without any changes therein. They may also be told to extend the validity of the EMD for the corresponding additional period. A tenderer may not agree to such a request and this will not be tantamount to forfeiture of its EMD. But the bidders, who agree to extend the validity, are to do so without changing any terms, conditions, and so on, of their original tenders. The bid of the tenderer who doesn't agree to extend the validity of the its bid should be considered as unresponsive from this point onward and shall not be considered further.

7.9.3 Quantity Deviation / Extra Item / Substitution:

7.9.3.1 In order to meet the challenges posed during execution of SITC contracts, AAI may do deviation / extra item upto 30% of the total awarded cost. However, while exercising this clause the rate analysis should be carried out for justification of rates. The ordering of higher priced items (Items having rates above the estimated cost by 5%) should be exercised with caution to avoid undue advantage to the contractor.

7.9.3.2 AAI may change the quantity or part thereof to be supplied by +/-30% of the tendered quantity (measurable) but within the overall deviation limit of 30% of the contract value.

7.9.3.3 AAI may purchase Extra item, Substitute items as per site requirements upto the overall limit of 30% of the contract value.

7.9.3.4 At times following situations may warrant deviation / extra item / substitutions

7.9.3.4.1 Items which substitute the existing ones or are taken in lieu of those already provided in the contract. Such substitution shall be avoided as

far as possible unless it becomes un-avoidable due to availability of higher version of model of same Make with better or same technical features.

7.9.3.4.2 Substitution of items shall also be accepted in case the contracted item has gone obsolete or not available. Certificate for the same shall be required from the OEM of the equipment before accepting the substitution.

7.9.3.4.3 Sometimes OEM is not in position to supply the item as per the delivery schedule prescribed in contract. In that case also, items can be substituted.

7.9.3.5 The overall deviation, Extra item or the substitute items taken together shall not exceed 30% of the contract value unless until it is mutually agreed by both the parties and a specific approval of the next higher authority is obtained.

7.10 Splitting of Contracts / Parallel Contracts:

7.10.1 In case of critical / vital / safety / security nature of the item, large quantity under procurement, urgent delivery requirements and inadequate vendor capacity, it may be advantageous to decide in advance to have more than one source of supply. In such cases a parallel contract clause should be added to the bid documents, clearly stating that AAI reserves the right to split the contract quantity between suppliers. The proposed share of lowest bidder L-1 contractor and the rest of contractors / tenderers should be clearly defined along with minimum number of suppliers sought for the contract. The exact ratio of splitting shall be decided in advance and published in the tender document. In case of splitting in two and three it may be done in the ratio of 70:30, 50:30:20, respectively, may be used or a different ratio may be justified and approved by the TS authority. Parallel contracts, with more than one bidder (for the same contract) may be concluded in the following cases:

7.10.1.1 When the order quantity is large and the existing suppliers / tenderers are not capable of meeting full tendered requirements individually.

7.10.1.2 When due to the critical strategic /specific nature of the supplies / goods, it is desired to have multiple sources of supply after taking specific permission from the competent authority.

7.10.2 Before splitting of quantity, it should be ensured that L-1 price is reasonable. If it is not reasonable, negotiations with the L-1 party may be done, if justifiable, with the approval of the tender accepting authority. The following guidelines are to be considered while opting for parallel contracts :

7.10.2.1 The lowest bidder L-1 should be awarded the percentage so mentioned in the tender.

7.10.2.2 For the rest of the contract quantity, the lowest rate accepted would be counter offered to L-2 party. On acceptance of the counter offer, order will be placed on

L-2 party for the respective percentage and so on to other tenderers. In case of non-acceptance of counter offer by L-2 party, similar offer shall be given to L-3 and L-4 and so on.

7.11 Reasonableness of Prices:

- 7.11.1 In every recommendation of the TEC for award of contract, it must be declared that the rates recommended are reasonable. In most of the cases, reasonableness can be judged in comparison to the “Estimated Cost”.
- 7.11.2 When there is no estimated cost, a comparison with Last Purchase Price (LPP, the price paid in the latest successful contract) is the basis for judging reasonableness of rates.
- 7.11.3 Following points may be kept in mind before LPP is relied upon as a basis for justifying rate reasonableness:
 - 7.11.3.1 The Basic Price, Taxes, Duties, Transportation charges, packaging & forwarding charges should be indicated separately.
 - 7.11.3.2 Where the firm holding the LPP contract has defaulted, the fact should be highlighted and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be used.
 - 7.11.3.3 Where the supply against the LPP contract is yet to commence i.e delivery is not yet due, it should be taken as LPP with caution, especially if the supplier is new, the price paid against the previous contract may also be kept in view.
 - 7.11.3.4 Where the price indicated in the LPP is subject to variation or if it is more than 3 years old, the updated price as computed in terms of the price variation clause may also be indicated.
 - 7.11.3.5 In the case of wholly imported stores, the comparison of the LPP should be made with the net Cost, Insurance & Freight (C.I.F) value at the current foreign exchange rate.
 - 7.11.3.6 It is natural to have marginal differences in prices obtained at different cities / offices for the same item, due to their different circumstances. The prices obtained are greatly influenced by Quantity, Delivery Period, Terms of the contract, Payment Terms etc, these may be kept in view.
 - 7.11.3.7 Prices paid in emergencies or prices offered in distress sale are not accurate guidelines for future use.
 - 7.11.3.8 Prices within 5% of LPP or estimated cost or justified cost (if prepared for a particular case) shall be treated as the justified costs for a particular purchase exercise.
 - 7.11.3.9 In case the tender cost is higher than 5% of the estimated or LPP or justified cost as may be the basis than the approval of the next higher authority shall be required as per the provisions of DOP.

7.12 Consideration of Abnormally Low Bids

7.12.1 An Abnormally low quoted bid (ALQB) is one in which the bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the bidder to perform the contract at the offered price. Wherever the price of the lowest bidder is lower than the estimated cost by more than 25%, lowest bid can be termed as Abnormally Low Quoted Bid (ALQB). Processing of such bid shall be as follows:

- 7.12.1.1 All such items which are more than 25% below the estimated rate shall be termed as abnormally low quote items (ALQI) and these items shall be identified by the bid processing officer / bid manager.
- 7.12.1.2 The processing officer / bid manager shall seek clarification from the **lowest bidder in respect of ALQ items.**
- 7.12.1.3 The lowest bidder has to submit justification of their price either on the CPP (if possible) or submit through a separate letter along with analysis of rates for all such ALQ items.
- 7.12.1.4 On receipt of clarifications, a committee comprising of officials from concerned dte, Finance and other related directorates, as decided by the concerned ED, shall analyze the bidder's justification and give their recommendation to accept or reject the bid. The recommendation of the committee shall be accepted by the authority next higher to the officer competent to accept the tender as per the Delegation of Powers. However Chairman shall have the full powers. Reason for such acceptance / rejection shall be on record.

7.13 Negotiations - Only as a rare exception:

7.13.1 Normally there should be no post tender negotiations. Selection of contractors by negotiation should be a rare exception rather than the rule and may be resorted to only in the exceptional circumstances, under the following situations:

- 7.13.1.1 Where the procurement is done on proprietary basis or from OEMs / Authorized distributor / agent.
- 7.13.1.2 Items to be procured are supplied by only limited sources of supply.
- 7.13.1.3 Where the requirements are urgent and the delay in re-tendering for the entire requirement due to unreasonableness of the quoted rates would jeopardize essential operations, maintenance and safety, negotiations with L-1 bidder may be done for bare minimum quantum of requirements. The balance bulk requirement should, however, be procured through a re-tender, following normal re-tender process.
- 7.13.1.4 If the evaluated lowest bid is higher than the estimated cost by more than five (5) percent the lowest bid. If the price remains higher than 5% even after the negotiations it will be accepted by the Authority next higher to the officer Competent to accept the tender as per the Delegation of Powers. However,

Chairman shall have full powers. Reasons for such acceptance with higher variation than 5% shall be on record.

7.13.1.5 The domestic / foreign markets show a downtrend in constituents of the equipment / service.

7.13.1.6 In cases where internal cost estimates are not available.

7.13.1.7 Before recommending negotiation for reduction in price, adequate care should be taken to re-scrutinize the rates received to avoid in-fructuous instances of negotiations. The decision whether to invite fresh tenders or to negotiate and with whom to negotiate, should be taken by the tender accepting authority based on the recommendations of the Tender Evaluation Committee / Executive (as the case may be). After the financial concurrence and approval by the Competent authority (Tender Accepting authority as per DoP), the negotiations shall be conducted by appropriate Negotiation Committee.

7.13.1.8 **Whom to negotiate with:** The negotiations for reduction of prices will be held only with the lowest acceptable bidder L-1, who is technically responsive and on whom the contract would have been placed but for the decision to negotiate.

7.14 **Procedure for Negotiations:** After the competent authority has decided to call specific bidder for negotiations, the following should be adopted:

7.14.1 It must be understood that if the period of validity of the original offer expires before the close of the negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be got extended, wherever necessary.

7.14.2 The Tenderer to be called in for negotiations should be addressed as per format of letter laid down in Annexure-7_A, so that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations.

7.14.3 Negotiations meeting should be started only after obtaining signed declaration from the Negotiating supplier as per Annexure-7_B. When negotiation is started, an attendance sheet may be signed by the parties present in the negotiations.

7.14.4 Revised bids should be obtained in writing from the selected tenderers at the end of the negotiations in the format of letter laid down in Annexure-7_C. "Format of Revised offer in Negotiations". If necessary, negotiating party may be given some time to submit the revised offer. In case, however, the selected Bidder prefers to send a revised bid instead of being present at the negotiation, the offer should be taken into account. In case a bidder does not submit the revised bid, the original bid shall be considered.

7.14.5 In no case, including where a cartel / pool rates are suspected, should negotiations be extended to those who had either not tendered originally or whose tender was

rejected because of unresponsiveness of bid, unsatisfactory credentials, inadequacy of capacity or unworkable rates.

- 7.14.6 When a firm is called for negotiations, it should be ensured by the dealing Purchase Executive, that adequate time and notice is given to enable the firm to participate. The senior most member of negotiating committee from AAI side, should preside over the negotiation meeting.
- 7.14.7 As far as possible, Purchase Price will not be finalized “all inclusive” or on lump sum basis but done element wise, so that variations in actual supplies can be appropriately dealt with. Firm will also indicate price of item, part number, model etc for facilitating placement of Purchase Order in detail. Wherever the negotiations are done on total price, the vendor may be asked to proportionately distribute / rationalize the discounts against each item. He may however decide to keep the price of some the items unchanged. However, he must bring out this fact during negotiations and justify his action.
- 7.14.8 A record of the negotiations with the firm should be prepared which should be signed by members of the Negotiating Committee and representative of the firm preferably on same day after the meeting is conducted and a copy of the minutes given to firms representative so that the prices negotiated are confirmed by the firms representative and there are no chances of the firm going against agreed commitment.
- 7.14.9 In case where the bidder expresses inability to attend Price negotiation meeting in writing for genuine reasons such as overseas / outstation bidders etc, the TS authority may approve the price negotiations through Tele Conference / Video Conference to obtain best price compared to estimated price.

7.15 Consideration of lack of competition in Open Tender / Global tender and Limited Tender Enquiry.

- 7.15.1 Sometimes, against advertised / limited tender cases, AAI may not receive a sufficient number of bids and / or after analyzing the bid, ends up with only one responsive bid - (a situation referred to as “Single offer” / “Single response” or “Single Quote”. Such situation of “Single Offer” is to be treated as Single Tender. Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied :
 - 7.15.1.1 The Procurement was satisfactorily advertised and sufficient time was given for submission of bids.
 - 7.15.1.2 The qualification criteria were not unduly restrictive.
 - 7.15.1.3 Prices are reasonable in comparison to market rates.
- 7.15.2 However, incase of “single response” to open tender in the first place, following needs to be complied before processing the case.
 - 7.15.2.1 Extend the tender process one time to get more responses and circulate widely through CPP portal and new-papers.

- 7.15.2.2 The qualification criteria may be re-examined and relaxed (if required) to encourage wider participation before extension of the tender.
- 7.15.2.3 Obtain vendor feedback through prebid meeting to relax the qualification and technical parameters without compromising on the final requirements of the end user to overcome the restrictive parameters (if any) and facilitate wider participation.
- 7.15.2.4 In cases of “Single Response” even after the above the proposal of the vendor shall be negotiated as per the provisions of DOP and shall be processed as per the powers of Single tender mode of procurement.

7.16 Cancellation of Procurement Process / Rejection of All Bids /Re-Tender : In case where responsive bids are available, the aim should be to finalize the tender by taking mitigating measures even in the conditions described below. If it is decided to re-bid the tender, the justification should balance the perceived risks in finalization of tender (marginally higher rates) against the certainty of resultant delays, cost escalations, loss of transparency in re-invited tender (For Re-bid tenders, approval may be sought from the TS authority who approved the original Tender), after such re-bid decision, all participating bidders would be informed and bids would not be processed further i.e. would not be opened to next stage. AAI may cancel the process of procurement or rejecting all bids at any time before intimating acceptance of successful bid, under circumstances mentioned below.

- 7.16.1 If the quantity and quality of requirements have changed substantially or there is an un-rectifiable infirmity in the bidding process.
- 7.16.2 When none of the bidders is substantially responsive to the requirements of the Procurement Documents.
 - 7.16.2.1 None of the Technical Proposals meets the minimum technical qualifying requirements / score.
 - 7.16.2.2 If effective competition is lacking. However, lack of competition shall not be determined solely on the basis of number of Bidders.
 - 7.16.2.3 The Bids / Proposals / prices are substantially higher than the updated cost estimate or available budget.
 - 7.16.2.4 Approval for the re-tendering should be accorded by the TS Authority after recording the reasons / proper justification in writing. The decision of AAI, to cancel the procurement and reasons for such a decision shall be communicated to all bidders that participated in the procurement process. The specifications and qualification criteria should be looked and modified if required to make the process more competitive.
 - 7.16.2.5 Though the bids can be rejected without assigning any reason, however, while rejecting the TS authority is bound to record clear, logical reasons for any such action of rejection / recall of tenders on the file.

7.17 Tender Evaluation Committee Recommendation / Report:

- 7.17.1 The TEC has to make formal recommendations for the award of the contract to the bidder, whose bid has been determined to be substantially responsive and the lowest evaluated bid.
- 7.17.2 The proposal after TEC recommendations shall be sent finance for necessary financial concurrence.
- 7.17.3 After the financial concurrence the accepting authority may accept the recommendations and the Letter (Notification) of Award (LOA) can be issued.

7.18 Award of Contract:

- 7.18.1 Prior to the expiry of the period of bid validity, the successful bidder will be notified in writing that his bid has been accepted. The notification of award will constitute the conclusion of the Contract till a formal Contract is signed. All delivery liabilities will be counted from date of LOA or any amendment there off.
- 7.18.2 A Template of notification of award of contract / Letter of Acceptance is given in Annexure-7_D. In the same communication, the successful tenderer is to be instructed to furnish the required performance security within a specified period of normally 30 days.
- 7.18.3 The successful bidder shall sign a copy of the LOA as a mark of his unconditional acceptance of LOA and give it back to the tendering authority or the Executive Director of concerned AAI Directorate.
- 7.18.4 A formal contract shall be signed with the vendor within 15 days of final award of the contract. However, on the date of signing of the contract it shall be ensured that the all pre-requisites for completion of the contract are in place.

7.19 Publication of Tender Results and Return of EMD of Unsuccessful Bidders: The details of award of contract and name of successful bidder should be mentioned mandatorily on the CPPP.

7.20 Following decisions of AAI in accordance with the provision of internal guidelines shall not be subject to review:

- 7.20.1.1 Determination of the need for procurement
- 7.20.1.2 Selection of the mode of procurement or bidding system.
- 7.20.1.3 Choice of selection procedure
- 7.20.1.4 Provisions limiting participation of bidders in the procurement process.
- 7.20.1.5 The decision to enter into negotiations with the L-1 bidder.
- 7.20.1.6 Cancellation of the procurement process except where it is intended to subsequently re-tender the same requirements.
- 7.20.1.7 Issues related to ambiguity in contract terms may not be taken up after a contract has been signed, all such issues should be highlighted before commencement of the contract by the vendor /contractor.

7.20.1.8 Complaints against specifications except under the premise that they are either vague or too specific so as to limit competition may be permissible.

7.21 **Framing of Contract:** The following general principles should be observed while entering into contracts:

7.21.1 Any agreement shall be issued strictly as per approved TEC recommendations and agreed tender conditions. The Terms of the contract must be precise, definite and without any ambiguities.

7.21.2 All contracts shall refer to the tender document without reproducing any of the tender clauses where all necessary tender clauses have been built into.

7.21.3 Standard forms of contracts should be invariably adopted, except in following cases:

7.21.3.1 Authorities competent to make purchases may, at their discretion, make purchases of value up to Rupees Two and a half lakh by issuing purchase orders containing basic terms and conditions;

7.21.3.2 In cases where standard forms of contracts are not used or where modifications in standard forms are considered necessary in respect of individual contracts, legal and financial advice should be taken in drafting the clauses in the contract and approval of CAs is to be obtained in such cases; and

7.22 **Procurement Records:** The Procurement file should start with the indent and related documents. All subsequent documents relating to procurement planning, as given below, should be kept on the file:

7.22.1 Copy of Bid Document and documents relating to its formulation, publishing and uploading;

7.22.2 All bids in e-form as per CPP portal. Bid Opening; Bids received; Correspondence and documents (including Technical Evaluation and TEC report) relating to pre-qualification, evaluation, Award of Contract; and finally the Contract copy, should be kept on the file.

7.22.3 In contract management volume, copies of successful bid, TEC Report, Contract may also be kept for ready reference, besides correspondence and documents relating to Contract Management and its closure.

7.22.4 Wherever documents in bulk and are available in softcopies the same must be preserved in soft form at the portal.

Page Left
Blank

Invitation for Negotiations

Invitation for Negotiations
(On letterhead of AAI)

Ref No:

Date :

To
M/s
(Registered Address)

Sub: Tender No opened on for the supply of

Dear Sir,

Though you are the L1 Bidder, however, the rates quoted in your tender appears to be on the higher side. You are therefore, requested to attend the negotiations meeting to be held on..... (date) at..... (time) at..... (venue) for come for negotiating the rates quoted in the tender.

You should, however, come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.

A copy of the form in which you may submit your revised offer after negotiations is also enclosed.

Yours faithfully,

Enclosure: (Authorised Officer)

1. Form of Declaration
2. Form of Revised Offer

Page Left
Blank

FORM OF DECLARATION (Negotiations)

(To be signed and submitted before start of negotiations)
(On company letterhead)

No: Date :

To

Sub: Tender No Opened on for the supply of

Ref: Your invitation for negotiations No: dated:

Dear Sir,

I duly authorised on behalf of M/s. do hereby confirm that we shall be participating in the negotiations and also declare that in the event of failure of the contemplated negotiations relating to Tender No. opened on our original tender shall remain valid for acceptance on the original terms and conditions.

Yours faithfully,

Signatures of Bidder

Place:.....

Date:.....

Page Left
Blank

Format of Revised Offer in Negotiations

Revised Offer in Negotiations
(On company letterhead)

From
Full address

To
Airports Authority of India

Sub: Tender No opened on for the supply of

Sir,

1. On further discussions with your representatives on in response to your letter no dated we are not prepared to reduce the rates already quoted in the original tender, and the same will remain valid up to

Or

2. We agree to reduce our rates as shown in the enclosed schedule of items. We are also aware that the provisions of the original bidding document remain valid and binding on our company.
3. We undertake to execute the contract as per following Schedule already agreed.
4. We also agree to abide by this tender on the revised rate quoted by us and the revised rates shall remain valid for a period of ----- (No of days in words) days from this date, *i. e.*, up to and in default of our doing so, the penalty and other provisions of the original tender shall be acceptable to us.

Yours faithfully,

Signatures of bidder or
officer authorised to sign the bid
documents on behalf of the bidder

Page Left
Blank

Sample Purchase Order / Letter of Acceptance

Po No: _____

Date: _____

To

M/s. _____

(Name & Address of the vendor)

Subject: _____ (Name of the work)

Reference Documents

1. Tender No
2. Vendor Queries
3. AAI Response
4. Pre-bid Conference Decisions (If any)
5. All Corrigenda
6. Any other correspondence in connection with the tender

Dear Sir,

1. Reference is made to the above mentioned correspondence and your offer (technical, commercial proposal and various subsequent technical clarifications) submitted against above referred tender.
2. In this regard Airports Authority of India hereinafter referred to as purchaser, is pleased to place a purchase order for Supply / “Supply, Installation, Testing and Commissioning” of “Name of the Equipment” as per details in Annexure-I (to this letter) on M/s (name of the company), hereinafter referred to as supplier.
3. Price :
 - 3.1 The items as per Annexure-I (to this letter) shall be supplied and work executed by the supplier at a total cost of Euro/USD/INR ----- . The prices are inclusive of all applicable taxes, freight, insurance, packaging, forwarding and all other associated costs as detailed in Annexure-I to this letter of award.
4. Time Schedule : As per Annexure 2 to this letter of award.
5. Payment Terms : As per Annexure 2 of this letter of award.
6. Paying Authority:
 - 6.1 -----, Airports Authority of India, -----, shall be the paying authority for deliverables under this purchase / work order.

7. Project / Purchase Manager
 - 7.1 ----- shall act as the Project Manager for the work, who shall be responsible for the smooth implementation of the contract as per the tender document.
 - 7.2 (If project is awarded at CHQ and work is to be executed in the field, two project managers may be nominated – one for the CHQ and other for the field)
8. Consignee
 - 8.1 The list of consignee as specified in the tender is applicable (any change if agreed by both the parties and required as per AAI needs shall only be indicated in this section).
9. Mode of Transport, Freight & Insurance
 - 9.1 The mode of transportation, freight & insurance as specified in the tender shall be applicable (Any change from the tender if agreed by both the parties for expediting the deliveries shall be specified separately in this section).
10. Installation and Commissioning
 - 10.1 The supplier shall complete the installation and testing (If applicable) as per tender conditions (Please specify explicitly if any change from tender is agreed by both the parties).
11. Performance Bank Guarantee, Liquidated damages and Guarantee / Warrantee shall be as per Annexure 2 to this letter of award,
12. This letter of awarding of the work shall form a part of the contract and all terms & conditions mentioned in the tender Document and subsequent modifications (if any) circulated through corrigenda to the tender shall be a binding on both the parties i.e. AAI & M/s. -----.
13. A duplicate copy of this award letter is enclosed herewith, which may be returned duly signed in each page, to this office as a token of your acceptance.
14. Please acknowledge the receipt of this letter.

Yours Sincerely
For AIRPORTS AUTHORITY OF INDIA

(Authorized Signatory from AAI)

Copy by email

1. All the consignees, 2. Purchase Order File, 3. Red Concerned
4. Head of the Concerned finance wing

Annexure-1 (To Sample PO / LOA)

Ref:

Date

Bill of Material & Cost of the Work Order

PO No. -----

Date -----

Tender No: _____

Sl.	Item Details	Qty	Unit Rate	GST	Total unit rate	Net Amount
1						
2						
3						
4						
	Total Amount					
Total in words						

For AIRPORTS AUTHORITY OF INDIA

(Authorized Signatory from AAI)

Annexure-2 (to the PO / LOA)

Ref:

Date:

The time schedule, Payment terms, Performance Bank Guarantee, Liquidated damages and Guarantee / Warrantee for the award no ----- dated ----- shall be as detailed below.

1. Time Schedule :
2. Payment Terms :
3. Performance Bank Guarantee
4. Liquidated Damages :
5. Guarantee / Warrantee :

**Memo forwarding Tenders to
Higher Authorities**

1. Name of work : _____

2. Ref. to Administrative Approval &
Expenditure Sanction
 - (i) No. & Date : _____
 - (ii) Amount : _____

 - (iii) Proportionate amount available for the : _____
work included in the present tender

3. Ref. to Tech. Sanction:
 - (i) No. & Date : _____
 - (ii) Amount : _____

4. Scope of work for which tender have
been called for. Clearly indicating the
items omitted from the sanction estimate : _____

5. Ref. to Approval of NIT.
 - (i) Authority : _____
 - (ii) No. & Date : _____

 - (iii) Est. Amt put to tender : _____

6. Ref. to Publicity
 - (i) Date on which notice inviting tender : _____
was placed on notice board
 - (ii) Date on which it was circulated to : _____
other offices

(iii) Name of Newspapers (With Dates) : _____
in which the Notice Inviting tender
was actually advertised.

7 (i) The date and time at which : _____
tenders were due to be received

(ii) Postponed Date and time, if any : _____

(iv) Reasons for postponement : _____

(v) Reference to publicity in : _____
regard to postponement of tenders

8. The date from which tenders were : _____
available for sale to contractors

9. Particulars of contractors who participated in the tender process.

Sr. No	Name of contractor	Class in which registered	Department in which enlisted	Date of issue of tenders	Remarks
	1	2	3	4	5
1.					
2.					
3.					

10. Opening of tenders

(i) Date and time at which tenders were : _____
due to opened

(ii) (a) Date and time at which tenders : _____
were actually opened

(b) Name & Designation of officers : _____
who actually opened the tenders

(iii) Have all the contractors deposited E.M. : _____

11. Positions of tenders received

Name of contractor	Tender amount/ Percentage above or below	Net tendered amount or %age after taking into consideration the financial effect of conditions
1	2	3

12. Date of which validity of tenders expires : _____

13. Remarks and recommendations

Page Left
Blank

Rate Contract and other Procurements with special features

8.1 Rate Contracts

8.1.1 **Definition:** A Rate Contract (commonly known as RC) is an agreement between the purchaser and the supplier for supply of specified goods (and allied services, if any) at specified price and terms & conditions (as incorporated in the agreement) during the period covered by the Rate Contract. No quantity is mentioned nor is any minimum drawal guaranteed in the Rate Contract. The Rate Contract is in the nature of a standing offer from the supplier firm. The firm and/or the purchaser are entitled to withdraw/cancel the Rate Contract by serving an appropriate notice on each other giving 15 (fifteen) days time. However, once a supply order is placed on the supplier for supply of a definite quantity in terms of the rate contract during the validity period of the rate contract, that supply order becomes a valid and binding contract. In view of Government e-Marketplace coming into operation, Rate Contract will be applicable for specialized and engineering items. Rate Contract is not required to be executed for common use items like computers, printers, photocopiers, paper and stationary, other office items like furniture, bottled water etc., which are being placed on GeM.

8.1.2 **Merits of Rate Contract:** The Rate Contract system provides various benefits to both the Purchaser (i.e. user) and the Supplier and the same are indicated below:

8.1.2.1 **Benefit to Users:**

- 8.1.2.1.1 Competitive and economical price due to aggregation of demands.
- 8.1.2.1.2 Saves time, efforts, man-hours and related costs involved in time consuming as well as repetitive tendering process. It thus reduces lead time for procurement.
- 8.1.2.1.3 Availability of quality goods with full quality assurance back-up.
- 8.1.2.1.4 Enables procurement as and when required and thus reduces inventory carrying cost.
- 8.1.2.1.5 Advantageous even to small users and those located in remote areas.
- 8.1.2.1.6 Provides one single point of contact to procure such items.

8.1.2.2 **Benefit to Suppliers:**

- 8.1.2.2.1 Reduces marketing cost and efforts.
- 8.1.2.2.2 Eliminates repetitive tendering and follow-up actions with multiple authorities.
- 8.1.2.2.3 Provides single point contact for Govt. supplies.
- 8.1.2.2.4 Aggregation of Govt. demand leads to economic production.
- 8.1.2.2.5 Lends credibility.
- 8.1.2.2.6 Promotes quality discipline.

8.1.3 Rate Contracts concluded by Central Purchase Organization (e.g. DGS&D)

8.1.3.1 The Central Purchase Organization has since shifted to Gem process the procuring authority may purchase items available on the Gem portal as per the process prescribed in chapter 4. The list of items which can be procured through the gem portal as identified for across 6 directorates is attached as Annexure-8_B to this chapter. The list may not be considered as a limiting factor and other items as available on the Gem portal and required as per per the quality parameters and requirements of AAI can also be procured through the Gem portal.

8.1.4 The goods or services for which Rate Contracts are to be concluded by AAI:

8.1.4.1 Specialized and /or heavy engineering goods required by more than two organizations;

8.1.4.2 For which prices are likely to be stable or where Rate Contracts could be finalized with provision of price variations to account for fluctuation of market rates of raw materials etc;

8.1.4.3 For which Rate Contract is convenient to operate and annual drawals are economical, say above Rs. 25 (Rupees twenty-five) lakh NB:

8.1.4.3.1 In case of goods or services of low value and which are required by the users in very small quantities, rate contracts may not be concluded.

8.1.4.3.2 Rate Contract may not be concluded for the scarce/critical/perpetually short supply goods or services.

8.1.5 The process to be followed for rate contract in AAI is defined as Annexure-8_A. The list of items identified as a preliminary exercise for procurement through Rate Contract is attached as Annexure-8_C.

8.1.6 Conclusion of Rate Contracts for Automobiles, sophisticated Equipment, Machinery etc. on the basis of discounts on Net Dealer Price.

8.1.6.1 Respective purchase departments in AAI will conclude rate contracts for Automobiles, Machine Tools, Information Technology Products (like printer cartridges etc), OEM & Ancillary Spares and similar other such products where the design feature, performance parameters etc. of such products/goods or services differ significantly among the products of different manufacturers and even between different models of the same manufacturer and where equitable comparison of prices of such products or services is not feasible. Such Rate Contracts are to be concluded on discount on Net Dealer Price (NDP) or MRP basis, generally known as Catalogue basis.

8.1.7 **Period of Rate Contract:** The period of a Rate Contract should normally be one year for stable technology products. However, in special cases, shorter or longer period not more than two years may be considered. As far as possible, validity period of rate contracts should be fixed in such a way as to ensure that budgetary levies would not affect the price and thereby frustrate the contracts.

Attempts should also be made to suitably stagger the period of rate contracts throughout the year.

8.1.8 **Criteria for award of Rate Contracts**

8.1.8.1 The Rate Contracts shall be awarded after inviting online tenders;

8.1.8.2 The Rate Contracts shall be awarded to the suppliers registered for broad category of items / products or services with eligible suppliers obtaining registry as registration or the suppliers having green channel status or BIS licences for the tendered items and fulfil the laid down eligibility and qualification criteria including availability of ISI mark, etc. Suitable stipulations are to be incorporated in the tender enquiry documents to this effect. In respect of new items being brought on rate contract for the first time where there is no registered supplier (for the subject items), the requirement of registration can be relaxed with the approval of competent authority. The award of such rate contracts will, however, be subject to the suppliers' satisfactory technical and financial capability;

8.1.8.3 Some of the tenderers (who are otherwise registered) may also be holding current rate contracts and / or held past rate contracts for the required goods. Their performance against such earlier / current rate contracts shall be critically reviewed before they are considered for award of new rate contracts. Specific performance and achievement criteria as on a selected cut-off date is to be evolved for this purpose and incorporated in the tender enquiry document. The tenderers will be asked to furnish the relevant details (along with their tenders) to enable the purchaser to judge their performance and achievement against the past/current rate contracts. These criteria are to be evolved and decided by the purchase organization during procurement planning stage for incorporation in the corresponding tender enquiry documents.

8.1.9 **Special Conditions applicable for Rate Contract-** Some conditions of rate contract differ from the usual conditions applicable for ad hoc contracts. Some such important special conditions of rate contract are given below:

8.1.9.1 Earnest Money Deposit (EMD) is to be furnished by unregistered bidders only. The amount of EMD should be fixed by the purchase organizations concerned;

8.1.9.2 In the Schedule of Requirement, no quantity is mentioned; only the anticipated drawl is mentioned without any commitment;

8.1.9.3 The purchaser reserves the right to conclude one or more than one rate contract for the same item;

8.1.9.4 The purchaser as well as the supplier may withdraw the rate contract by serving suitable notice to each other. The prescribed notice period is generally fifteen days;

8.1.9.5 The purchaser has the option to renegotiate the price with the rate contract holders;

8.1.9.6 In case of emergency, the purchaser may purchase the same item through ad hoc contract with a new supplier;

8.1.9.7 Usually, the terms of delivery in rate contracts are free delivery at consignee's site.

- 8.1.9.8 Online supply orders, incorporating definite quantity of goods to be supplied along with all other required conditions following the rate contract terms, are to be issued for obtaining supplies through the rate contract;
- 8.1.9.9 The purchaser and the authorized users of the rate contract are entitled to place online supply orders up to the last day of the validity of the rate contract and, though supplies against such supply orders will be effected beyond the validity period of the rate contract, all such supplies will be guided by the terms & conditions of the rate contract,
- 8.1.9.10 The rate contract will be guided by “Fall Clause” (as described later in this chapter).
- 8.1.10 **Parallel Rate Contracts:** Since, the rate contracts concluded by Central Purchase organization (e.g. DGS&D) are to take care of the demands of various Departments and Organizations, PSUs, Autonomous Organizations etc. spread all over the country, generally a single supplier does not have enough capacity to cater to the entire demand of an item. Therefore, the rate contracts are concluded with different suppliers for the same item. Such rate contracts are known as Parallel Rate Contracts. AAI may also enter into parallel rate contracts if the spread of such contracts is across India.
- 8.1.11 **Conclusion of Rate Contracts including Parallel Rate Contracts:** Techniques for conclusion of rate contract is basically identical to that of adhoc contract (as discussed in Chapter 7 of the Manual). Identical tender documents may be utilized for conclusion of rate contracts subject to inclusion therein the special terms & conditions as applicable for rate contracts. In the first instance, the rate contract is to be awarded to the lowest responsive tenderer (L1). However, depending on the anticipated demand of the item, location of the users, capacity of the responsive bidders, reasonableness of the prices quoted by the responsive bidders, etc. it may become necessary to award parallel rate contracts also. Efforts should be made to conclude parallel rate contracts with suppliers located in different parts of the country. For the sake of transparency and to avoid any criticism, all such parallel rate contracts are to be issued simultaneously.
- 8.1.12 **Price Negotiation / Counter-Offer:** Price Negotiation with the tenderers should be severely discouraged. However, in case the price quoted by the lowest responsive tenderer (L1) is not reasonable and un-acceptable, the price may be negotiated with L1 only and, if it reduces the price to the desired level, rate contract may be concluded with L1. There may be a situation, where parallel rate contracts are needed, though the price of L1 is reasonable. To take care of such situations, special permission of the approving may be taken to resort to negotiation and counter offering as indicated below:
- 8.1.12.1 To start with, the rate contract may be awarded to L1 tenderer. Then the price of L1 is to be counter offered to the higher quoting responsive tenderers under intimation to L1 asking them to send their revised tenders online through CPPP. For this purpose limited tenders may be

published inviting all responsive bidders to offer their revised bids. The revised bids on e-bidding platform to be opened in public at a specified place, date and time (as per the standard procedure). L1 may be specifically informed that it may, if it so desires, reduce its price and send its revised tender accordingly as above. The tenderers, who accept the counter offered rate or rate lower than that, are to be awarded parallel rate contracts. If L1 lowers its rate in its revised offer, same may also be accepted with effect from that date and its rate contract amended accordingly.

8.1.12.2 There may also be a situation where parallel rate contracts are necessary, but even the price of the lowest responsive tenderer (L1) is not reasonable. In that case, price negotiation may be conducted with L1 in the first instance. If L1 agrees to bring down the price to the desired level, rate contract may be concluded with it and that price counter offered to other responsive tenderers under intimation to L1 for further action in identical manner as indicated in the above paragraph. If, however, L1 does not agree to reduce its price in the first instance itself, then the price, which has been decided as reasonable may be counter offered to all the higher quoting responsive tenderers (including L1) for further action on above lines. In respect of items where single bid has been received, the same may be re-tendered, i.e. if consequent to invitation of tender/ bid only one bid/ tender is received or consequent to technical evaluation if only one bid/tender is found eligible, such bid/tender shall be termed as single bid in respect of that item.

8.1.13 **Performance Security:** Depending on the anticipated overall drawal against a rate contract and, also, anticipated number of parallel rate contracts to be issued for an item, the procuring entity in AAI shall consider obtaining Performance Security @ 5% (Five percent) of the value of supply order in the supply orders issued against rate contracts on the rate contract holder.

8.1.14 **Renewal of Rate Contracts:** It should be ensured that new rate contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new rate contracts due to some special reasons, timely steps are to be taken to extend the existing rate contracts with same terms, conditions etc. for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extension, are to be left out. Also, while extending the existing rate contracts, it shall be ensured that the price trend is not lower.

8.1.15 **Placement of Supply Orders:** The officials placing supply orders should be duly competent and authorized to do so. A supply order should generally contain the following important details:

8.1.15.1 Rate Contract No. and date;

8.1.15.2 Quantity. (Where there is more than one consignee, the quantity to be despatched to each consignee is to be indicated);

8.1.15.3 Price;

- 8.1.15.4 Date of Delivery by which supplies are required. (In the supply order, a definite delivery date based on the delivery period stipulated in the rate contract is to be provided)
- 8.1.15.5 Complete and correct designation and full postal address of the consignee(s)/ goods receiving officer(s) along with telephone No., Fax No. and E-mail address;
- 8.1.15.6 Despatch instructions;
- 8.1.15.7 Designation and address of the inspecting officer, if any;
- 8.1.15.8 Designation and address of the paying authority to which the bills are to be raised by the supplier. Copies of supply order are to be endorsed to all concerned.

8.2 **Handling Procurement in urgencies/Emergencies and Disaster Management.**

8.2.1 There are sufficient fast track procurement modalities to tackle procurements in urgent/ emergent and Disaster Management situations. Enhanced delegations of procurement powers in SoPP may be considered to handle such situations. Use of following modes of procurements may be utilised in order of speed (under Disaster Management situations, threshold limits of modes of procurement may be increased for higher level of officers, with the sanction of concerned Member.

- 8.2.1.1 Direct Procurement Without Quotation
- 8.2.1.2 Direct Procurement by Purchase Committee
- 8.2.1.3 SLTE / Limited / Single Tender Enquiry, with reduced time for submission of Bids.

8.2.2 To speed up procurement, advance cash may be drawn for direct procurement modes and made available to the Committees/officer, with accounts and vouchers to be submitted after purchase.

8.3 **Capital Goods/Equipment (Machinery and Plant – M&P)**

8.3.1 Capital goods are Machinery and Plant (M&P) which create new Fixed Assets/ utility/ functionality or benefit to the organisation and has a long useful life. Special features of procurement of Capital Goods are:

- 8.3.1.1 Since the cost is generally high, there are detailed procedures for approval of technical, administrative and budgetary provisions—before an indent is generated. Unlike consumable items (which are procured if a non-specific budgetary provision is there), Capital Goods are procured after an item specific Budgetary provision is included in the budget. Thus the acquisition of Capital Goods is also an Investment decision and may require some form of Investment Justification. Some of the higher value Capital Goods may be accounted in the Capital Block of the

Organization. However these features may not apply to Capital goods procurement of smaller threshold values.

- 8.3.1.2 There are also alternative to outright purchasing / owning such equipment like hiring/ hire-purchase/ leasing or acquiring the functionality as a service;
- 8.3.1.3 The procurement involves elements of Works and Services like Installation, Commissioning, Training, prolonged trials, Warranty, After Sales Services like post-warranty Maintenance and assured availability of spares. All such elements have costs may be quoted explicitly or implicitly. A suitable warranty clause should indicate the period of warranty and service levels as well as penalties for delays in restoration of defects. Clauses for including essential initial spares for two years' maintenance to be supplied along with equipment may be provided. If necessary appropriate number of years' (say three to five or more years depending on the lifespan of the equipment) AMC may be included in the procurement detailing its conditions;
- 8.3.1.4 The cost of operations, maintenance and disposal of the equipment over its life cycle may far outweigh the initial procurement cost over the life cycle of the capital equipment. Hence value for money becomes an important consideration – which can be addressed in Public Procurement by way of appropriate Description, specification, Contract conditions like inclusion of cost of supply of initial essential spares and total present value (as per DCF technique) of Annual Maintenance Contracts (AMC) for specified number of years within the estimated cost and also the evaluation criteria of procurement contract.
- 8.3.1.5 In case the Plant and Equipment consists of a number of machines which work in tandem or if it includes services / works to be done by third party, an all encompassing Turnkey contract may be better alternative.
- 8.3.1.6 Because of complexity of specification evaluation of Technical suitability of offers in procurement of Capital Goods involves complex issues about acceptance of alternatives, deviations and compliance with various particulars of specification. Acceptance or otherwise of alternatives should be made explicit. A statement of deviation including detailed justification for the deviations from each clause of specification should be asked for from the bidder in the Bid documents. A schedule of Guaranteed Particulars of specification indicating the values of each parameter may be included in the Specification, where the bidder can quote the offered value of the Parameters. In complex cases Prebid conference may help in reducing disputes and complexity at the time of evaluation.
- 8.3.1.7 Past experience, Capacity and Financial strength of a supplier is an important determinant of quality, after sales support of the Capital Goods. Such procurements are a fit case for Pre-Qualification bidding.

8.4 Turnkey Contract

- 8.4.1 In the context of procurement of goods, a turnkey contract may include the manufacture, supply, assembly, installation/ commissioning of equipment (or a

group of plant and machines working in tandem – even though some of the machines may not be manufactured by the supplier himself) and some incidental works or services. Generally, in the tender enquiry documents for a turnkey contract, the purchase organization specifies the performance and output required from the project proposed to be set up and broadly outlines the various parameters it visualizes for the desired plant. The inputs and other facilities, which the purchase organization will provide to the contractor, are also indicated in the tender enquiry document. The contractor is to design the plant and quote accordingly. The responsibility of the contractor will include supplying the required goods, machinery, equipment etc. needed for the plant; assembling, installing and erecting the same at site as needed; commissioning the plant to meet the required output etc., as specified in the tender enquiry documents.

- 8.4.2 Unrelated products which are either not required or which are standalone in nature and can be procured separately at much lower cost should not be made part of the Turnkey projects.

8.5 Annual Maintenance Contract (AMC)

- 8.5.1 Some goods, especially sophisticated equipment and machinery need proper maintenance for trouble-free service. For this purpose, the purchase organisation may enter into a maintenance contract. It must, however, be kept in mind that maintenance contract is to start after the expiry of the warranty period, during which period the goods are to be maintained free of cost by the supplier.
- 8.5.2 The maintenance contract may be entered into either with the manufacturer/ supplier of the goods or with a competent and eligible firm, not necessarily the manufacturer/ supplier of the goods in question. The procuring entity should decide this aspect on case to case basis on merit;
- 8.5.3 If the maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose are to be incorporated in the tender enquiry document itself and while evaluating the offers, the cost component towards maintenance of the goods for specified number of years is also to be added in the evaluated tender value on overall basis to decide the inter se ranking of the responsive tenderers. Equipment with a lower quoted price may carry a higher maintenance liability. Therefore, the total cost on purchase and maintenance of the equipment over the period of the maintenance contract should be assessed to consider its suitability for purchase. While evaluating the tenderers for maintenance of goods covering a longer period (say, three to five or more years depending on the life-span of the equipment), the quoted prices pertaining to maintenance in future years are to be discounted (as per DCF technique) to the net present value as appropriate for comparing the tenders on an equitable basis and deciding the lowest evaluated responsive tender.
- 8.5.4 However, if the maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of the maintenance contract. Here, the supplier of the goods may also quote and his quotation, if received, is to be considered along with other quotations received;

- 8.5.5 The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms and conditions, including payment terms, are to be incorporated in the tender enquiry document. The terms of payment for the maintenance service will depend on the nature of the goods to be maintained as well as the nature of the services desired. Generally, payment for maintenance is made on a half-yearly or quarterly basis;
- 8.5.6 A Service Level Agreement (SLA) may be incorporated in complex and large maintenance contracts. SLA should indicate guaranteed levels of service parameters like - %age uptime to be ensured; Performance output levels to be ensured from the equipment; channel of registering service request; response time for resolving the request, Channel for escalation of service request in case of delay or unsatisfactory resolution of request, monitoring of Service Levels etc. This would include provision of help lines, complaint registration and escalation procedures, response time, percentage of uptime and availability of equipment, non-degradation in performance levels after maintenance, maintenance of an inventory of common spares, use of genuine spares, and so on. The maintenance contract may also include penalties (liquidated Damages) for unacceptable delays in responses and degradation in performance output of machines, including provisions for terminations;
- 8.5.7 It should be indicated in the bid documents, whether the maintenance charges would be inclusive of visiting charges, price of spares (many times, consumables such as rubber gasket, bulbs, and so on, are not included, even though major parts may be included), price of consumables (fuel, lubricants, cartridges, and so on). If costs of spares are to be borne by the Procuring Entity, then a guaranteed price list should be asked for along with the bids. It should also be clarified, whether room/ space, electricity, water connection, and so on, would be provided free of cost to the contractor. The bidding document should also lay down a service level agreement to ensure proper service during the maintenance period;
- 8.5.8 Sometimes, during the tenure of a maintenance contract, especially with a longer tenure, it may become necessary for the purchase organisation to withdraw the maintenance contract due to some unforeseen reasons. To take care of this, there should be a suitable provision in the tender document and in the resultant contract. Depending on the cost and nature of the goods to be maintained, a suitable notice period (say one to three months) for such cancellation to come into effect is to be provided in the documents. A model clause to this effect is provided below:

“The purchaser reserves its right to terminate the maintenance contract at any time after giving due notice without assigning any reason. The contractor will not be entitled to claim any compensation against such termination. However, while terminating the contract, if any payment is due to the contractor for maintenance services already performed in terms of the contract, these would be paid to it/him as per the contract terms”.

Page Left
Blank

Process to be followed for effecting the Robust RC Mechanism in AAI.

1. Identification of frequently purchased items

- i. Set up cross-functional “RC Committee” to be headed by Member (planning) comprising ED Technical, ED CNS (P), ED Engg (Elec), ED Admin, ED IT.
- ii. Collect procurement data of last six months from SAP MM module (unique material code, item, value, no. of items, frequency).
- iii. Analyse data and application of RC norms (frequency vs technical complexity to identify items to be brought under RC by concerned Member.

2. Data collation in SAP MM module to be revamped to ensure holistic analysis for identifying items for rate contracts

Currently SAP MM module is used for raising purchase orders across CAPEX, direct consumption and deposit works. There is no summary view or dashboard to analyse the procurement spend on a regular basis.

Hence, there is a need to introduce best practices to conduct effective procurement spend analysis:

- Unique material codes (under material group) should be created for standardized set of specifications
 - ED IT to create a team along with SAP MM team to ensure creation of these material codes
 - User directorates to use **unique material codes** for every purchase order entry (to be made mandatory)
 - Bifurcation between procurement via tender and GeM should be inserted.
 - Demand required for each item to be inserted in SAP MM module to ensure accurate demand estimation (critical levers, such as historical demand, future passenger growth, quantitative norms to be considered while estimating demand).
 - Summarized dashboard should be prepared by single point of contract (SPOC) team to identify items (comprising number of item, value, frequency, degree of specialization, airport, etc.)
- 3. Two- pronged approach based on norms and subsequent classification to be adopted to identify items to undergo rate contracts/procured via GeM.**

The 4 categories of norms & classification are as follows:

▪ **Technical Complexity:**

High: - Radars/ARSR/Rubber Removal Machine

Medium: - Passenger Chair/Trolley/Chairs

Low: - Stationary/ Photo copy Machine

Technical complexity is critical in determining suitability of rate contracts

- **Vendor availability** should be considered as one of the critical measures for rate contracts
- **Frequency:** Number of times an item is procured on a quarterly basis should be considered
- **Spend (price x quantity):** Annual spend across items should be considered

RC Process

- Demand numbers updated in SAP to be vetted by RC Committee, ensuring 20 to 30 percent buffer is added in contract to mitigate risks.
- Run the bid process from drafting NIT to final award: Ensure best in class eligibility criteria; Minimum order limit to be validated by APD / RED & based on average demand.
- Consider the suitable options for ordering, depending on type of item:
 - APDs will have the authority to raise PO directly, using RC vendor and rates for select items.
 - RED to collate demand across airports and raise PO with vendor to ensure demand is within threshold limit and prioritized.
- Vendors to submit invoice, delivery challan and satisfactory certificate, once delivery is completed at stations.
- Release invoice to Finance dte, once item received.
- Conduct quarterly review meetings with E.D. concerned and RC committee to assess impact of rate contracts across reduction in individual purchase order, cost savings, quality of items & timely deliver.

RC Review

- Conduct semi-annual review meeting with Chairman, Member Concerned, APD/RED to understand concerns / benefits of current RC.

Rate Contract Tendering/GeM Sourcing Scale

- After identifying items for rate contract/GeM, sourcing at CHQ/RHQ/airport level to be finalized based on vendor availability and its pan-India presence.

PLAN FOR INSTITUTIONALIZATION

Process Map along with Timelines and Owner for each activity has been detailed below.

Process Map			
S.No.	Process	Responsibility	Timeline(illustrative)
1.	Expedite tendering of rate contract for	ED CNS	November each year

	pending items- printer cartridges, HHMD through regional RC by Admin and CNS dte respectively and armoured/ unarmoured cables by CNS directorate	ED Admin	
2.	Set up cross-functional “RC Committee” to be headed by Member Planning comprising ED Technical, ED CNS (P), ED Engg (Elec), ED Admin, ED IT	Member (Planning)	November each year
3.	Hold meeting during pre-budget exercise to identify the next set of items to be brought under RC/GeM and necessary process improvements	RC Committee	November each year
4.	Create a team of 2-3 executives along with SAP MM team to ensure updation of material codes in SAP MM module creation of summary dashboard	ED (IT) SAP MM team	November-December’18 and subsequently a continuous process to ensure use of unified codes
5.	Get final approval on items identified from competent	Member Concerned	December each year

	authority & issue the order		
6.	Assess the demand requirements for the finalized items across airport/RHQ/CHQ and to be updated in new SAP MM module	APD/RED/EDs	December - January each year
7.	Demand numbers updated in SAP to be vetted , ensuring 20 to 30 percent buffer is added in contract to mitigate risks	E.D. Concerned	February each year
8.	Finalise specifications for the items identified , specifications deployed by JV airports across customer facing items could be replicated	E.D. Concerned	February each year
9.	Create phase-is plan of demanded quantities in the draft tender	E.D. Concerned	February each year
10.	Assess the market through vendor meets or releasing Expression of Interest (Eoi) to get finer details on the supplier market	E.D. Concerned	March each year

11.	Run the bid process form drafting NIT to final award, keeping in mind the best practices detailed above	E.D. Concerned	February -March each year
12.	Create a detailed implementation plan with timelines and owner to track the progress of tendering to award	E.D. Concerned	February -March each year
13.	Issue final order to all units on the finalised RC and payment process to be initiated once delivery is made by APD/RED/EDs	E.D. Concerned	March each year
14.	Conduct quarterly review meetings to assess impact of rate contracts across reduction in individual purchase orders, cost savings, quality of items & timely delivery	E.D. Concerned	July each year
15.	Conduct half yearly review meetings to assess reduction in individual purchase orders, cost savings, quality of items & timely delivery	Member/ chairman	July each year
16.	Follow the revised process laid above	RC Committee	November each year

	to identify and bring new items under the ambit of rate contracts		
--	---	--	--

Annexure-8_B

Items finalized for procurement via Gem portal across 6 Directorates. The list below is not a limiting factor. Additional items may also be considered on need basis.

S.NO.	Directorate	Items
	Technical	Cars & jeeps
		Fire Extinguishers
		Tractors
		Water Mist
		Battery for vehicles
		Motor Cycles
	Airport Systems	LED Television
	CNS	UPS -10KVA, 5KVA, 3KVA, 1KVA
		Key Telephone System & spares
		Analogue Telephone Set
		IP Phone
		Hand held Digital Multi Meter
		Krone Module of 10 pair
		SMF Batteries 12V, 17-18Ah, 42Ah/45Ah, 65Ah, 100Ah
		Standard Line cord with connector for 2 Pair Line
		Rochet Box
		Standard flexible Coil cord with connector
		Earthing System
		Electrical Spares
	Lamps – MHL (replaced by LED)	
	Capacitor	
	MCB / MCCB	
	Copper wire, in metre	
	IT	Laptop
		Desktops
		Client PC
		Printer
		Scanner
		Operating Systems & MS packages
		LCD Monitor
		LCD Projectors
		Anti-virus software
		Multifunction fax machine
		Biometric tab & scanners
		WiFi access points
		Network switches
	Passive components	
	Admin/ Stores	2 Ply continuous Pin Feed paper for Dot Matrix Printer

		Floor cleaning Machine
		Stationery Items- Cello Tape, duster, Register, Plastic Folders, Pen, Highlighter pen, pencil, stapler, eraser, allpin, gem clip etc.
1.		Housekeeping Items – Floor washing soap, Handwash liquid soap, Odonil, floor cleaner brush, broom, mopping stick, Phenyl, Bamboo stick, toilet brush, towel, duster etc.
		Photocopier paper
		Notesheet
		Calculator
		Pen Drives
		Crockery
		Digital Photocopier

Annexure-8_C

Items identified for Rate Contract process across 6 Directorates. The list below is not a limiting factor. Additional items may also be considered on need basis for RC.

S.NO.	Directorate	Items
	Technical	Passenger Baggage Trolleys
		Three-Seater Airport Terminal Chairs
		Furniture
	Airport Systems	HHMD
		DFMD
		CCTV & Cameras: Indoor/ Outdoor PTZ/Fixed (4 types) ¹
		FIDS
	Admin	Printer Cartridges
	CNS	Thermal paper for automation strip printers
		Unarmoured/ armoured PVC telephone cable
	Electrical Spares	Runway edge lighting fitting
		Bi pin halogen lamp holder
		Essna Connectors
		GI Bolt M 10
		CI Box Gasket
		Blue Lens for Taxi lights
		Yellow/Red/Green filter 180 degree
		Inset fitting
		Isolation transformer
		Runway/taxiway halogen lamps
		Approach light
		Airfield Lighting cable
		360 Degree dome/ Lens

Page Left
Blank

Contract Management

9.1 Purpose of Contract Management :

- 9.1.1 The purpose of contract management is to ensure that the contract delivers the desired outcomes as per the terms and conditions of contract. A sound monitoring process should be set up to ensure that all the parties to the contract fully meet their respective obligations and adhere to contract terms including timely delivery, quality of goods and work performed, compliance with regulatory requirements.
- 9.1.2 Prompt payment to contractors and timely decisions are vital in successful execution of a contract. Delay in payment may amount to a breach of contract, resulting in delay in projects, apart from disputes. It may lead to contractors quoting higher rates in future tenders.
- 9.1.3 The contract should be made in simple and unambiguous language, with clear sentences and numbered paragraph headings that alert the reader to what's in the paragraph. All annexures and appendices should be invoked in the relevant clauses of the contract.

9.2 Supplementary to the Contract:

- 9.2.1 Once a contract has been made, the terms and conditions of the contract should not be changed. For possible changes such as changes in quantity, statutory levies, schedule of deliveries, inspection arrangements etc. A clause should be included in the contract, clearly stating conditions under which it is to be amended.
- 9.2.2 For any amendment, the TS authority should be consulted for any technical implications. Similarly, wherever financial implication is involved, financial concurrence from relevant authorities should be obtained.
- 9.2.3 Every amendment should be in writing and every amendment should be numbered. Purchaser to bear in mind that oral amendments cannot be enforced.
- 9.2.4 Sometimes it is necessary to permit activities that are otherwise not allowed by the contract. In such cases, an amendment may not be needed. Such consents or waivers should also be in writing and should be regularized with approval from the TS authority if the it pertains to the technical issues or from the tender accepting authority if it has a financial angle.

9.3 Operation of Option Clause:

- 9.3.1 Under this clause, the purchaser retains the right to place orders for an additional quantity (generally 30%) in accordance with the same terms & conditions of the present contract. This will be applicable within the currency of contract. In case the value of the contract goes beyond the delegation of powers of the original tender accepting authority, the authority next higher should be informed. If the

total amount is exceeding the AA&ES by more than 10% than the revised AA&ES should be obtained.

9.3.2 Points to be Kept in Mind while Operating the Option Clause:

- 9.3.2.1 If the prices show a declining trend in the market, it will be preferable not to exercise the option clause.
- 9.3.2.2 If the order quantity is decreased, it will be fair to compensate the contractor for any expenses already incurred towards the supply of the original quantity.
- 9.3.2.3 A justification should be recorded by the deviation approving authority, prior to the exercise of the option.

9.3.3 A suitable quantity variation clause should form a part of the tender if this option is to be exercised.

9.4 Safeguards for Handing over AAI Materials and Equipment's to contractors

- 9.4.1** As part of the contract, the purchaser may have to loan some assets to the contractor to carry out certain activities. The material may be in the nature of accommodation of contractor's workers or equipment such as ladders, compressors, generators etc. Sometimes, utilities such as electricity, water, cranes are also given free of charge to the contractor.
- 9.4.2** Provision of such material and facilities to the contractor, including conditions for issue and charges, if any, should be announced at the tender stage itself. The electricity should generally be provided free of cost for installation and commissioning of IT, CNS, Tech, electronics equipment and such provision should be made in the contract.
- 9.4.3** For returnable material (except for low value material less than Rs.5,00,000/- (Rupees Five lakh), an appropriate bank guarantee should be obtained prior to issue of the material. For material value of less than Rs. 5,00,000 (Rupees Five lakh) or for sending spares for repairs to the OEM , if feasible, an indemnity bond may be taken.
- 9.4.4** Contractor may also be asked to obtain an insurance for the material for the duration of material in his custody.

9.5 Payments to the contractor and Handling of securities

- 9.5.1** Purchaser shall ensure that all payments due to the contractor, including release of the performance security shall be released promptly as per the terms of the contract.
- 9.5.2** Before the payment is made, the invoice should be cross-checked with the actual receipt of material to ensure that the payment matches the actual performance.

- 9.5.3** Bank Guarantees and other securities obtained from the vendor shall be kept in safe custody by the purchaser. Proper procedures must be prepared and followed for safe custody and return of these documents.
- 9.5.4** All concerned departments shall ensure that details of all claims which are to be recovered from the supplier / contractor are promptly intimated to the purchaser and the respective payment authority, without any loss of time, so that the claim can be recovered before releasing the pending payment(s) or releasing the bank guarantee.
- 9.5.5** Bank guarantees and other securities should be released in accordance with the terms of the GCC / SCC.

9.6 Monitoring of Contractor performance

- 9.6.1** Without a sound monitoring system, there can be no guarantee that the goods and services ordered by the purchaser will meet the required quality or will be available as per the purchase order.
- 9.6.2** A meeting chaired by the project manager should be held (preferably every two week) to monitor all purchase orders of a department or a project (chaired by the procurement head). The agenda should include possible hold ups which affect the delivery, factors affecting quality and risk monitoring.
- 9.6.3** Depending upon the complexity of the item ordered, contractor may be asked to submit a progress report periodically in coordination with the project manager / incharge.

9.7 Project Management Team

- 9.7.1** All projects above Rs.50 Crores shall be Monitored and executed by a dedicated team headed by an officer of the level of GM assisted by a Jt. DGM / DGM and 2 Sr. Manager / Manger / Asst. Manager level officers. The team shall be responsible for complete monitoring and execution of the project after the award of the contract till its completion. The Project Management Team shall also be responsible for regular review and reporting to management on the status of the project on regular basis with a periodicity of not more than 2 weeks.
- 9.7.2** If the project span over multiple locations the Team may be positioned at CHQ and should be mandated to carry out regular site inspections, coordination with the site team and ensuring smooth implementation and completion of the project. However, if the project is at a single site or at the most two sites the team may be positioned at one of the project site. Project Monitoring Team shall take assistance of site team at station level for continuous Monitoring of the progress. The format for the periodical reporting is attached as Annexure-9_C.
- 9.7.3** The constitution of the team and associated costs if any should be factored in the AA&ES.

9.8 Delays in Performance of Contract

9.8.1 Delivery Period

- 9.8.1.1 The period for delivery of the ordered goods and completion of any allied service(s) thereof (such as installation and commissioning of the equipment, operators' training, and so on) are to be properly specified in the contract with definite dates and these shall be deemed to be the essence of the contract.
- 9.8.1.2 The delivery terms should be specific and practical. As far as possible, specify a date without any qualification.
- 9.8.1.3 If the delivery depends upon a specific occurrence such as issue of free issue material and license etc then the same should be clearly spelt out in the tender.

9.8.2 Terms of Delivery

- 9.8.2.1 Terms of delivery (FOR,FOB,CFR etc) specify as to who is responsible for the cost and risk of delivering the goods. They also decide the point where the title of goods is passed from the seller to the buyer.

9.8.3 Severable and Entire Delivery Contracts

- 9.8.3.1 A severable contract is one where the buyer agrees to accept part deliveries of the material over a period of time or at different places. It is also called a divisible contract.
- 9.8.3.2 In a severable contract, exact dates are laid out for each instalment. So in effect, each instalment is a separate contract. A mere mention of monthly/ quarterly rate of delivery is not sufficient to make it a severable contract. Exact dates and exact quantity has to be specified to make it a separable contract.
- 9.8.3.3 A non-severable or entire contract is one where the supplier is expected to give the entire delivery at one time. It is also called an indivisible contract.

9.8.4 Extension of Time / Delivery

- 9.8.4.1 Any extension of time / delivery amounts to amendment of the contract. LD should be levied if there is a failure on the part of the seller.
- 9.8.4.2 All correspondence with the party after the expiry of the contract delivery period or towards the end of it should mention that the communication is without prejudice to the purchaser's rights and remedies available to the purchaser under the terms of the contract.

9.8.4.3 Extension should be granted only after the seller seeks an extension in writing. The purchaser shall verify that

9.8.4.3.1 The prices of the item purchased have not shown a falling trend in the intervening period.

9.8.4.4 If it is decided to extend the delivery period subject to the recovery of LD for delay in supplies, a written warning should be given to the contractor at the time of granting extensions. The written warning shall be explicit regarding levying LD. It should not merely mention the delivery is granted “without prejudice to the rights of the purchaser under the terms and conditions of the contract”.

9.8.4.5 A format of the letter granting extension of delivery period is enclosed in Annexure-9_A.

9.8.4.6 The LD should only be calculated on the base value of the contract without (i.e. excluding) taxes.

9.8.5 Delay in supplies for which supplier is not responsible

9.8.5.1 If the delay in extension of delivery is because of some omission on the part of the purchaser, then normally LD is not levied. For example,

“Delay in delivery is caused by delay on the part of purchaser to grant approval of samples or drawings or delay in issue of any material by purchaser to the seller for fulfilment of the contract”.

9.8.5.2 In case delay is due to non-readiness of site or non-availability of any approvals / WPC Licencee etc then LD shall be waived-off with the approval of the accepting authority.

9.8.6 Performance Notice

9.8.6.1 Sometimes the seller delays the delivery of the supplies of completion of services within the stipulated period due to shortcomings on the seller’s part, but does not ask for extension of time / delivery period, and the purchaser still needs the contracted items/ services. In such a case, the purchaser shall issue a “Performance Notice” to the seller along the lines elaborated above.

9.8.6.2 A format of the letter granting extension of time / delivery is enclosed with performance notice is attached as Annexure-9_A.

9.8.7 Force Majeure

- 9.8.7.1 A Force Majeure (FM) means unexpected circumstances such as war or an act of God (like a natural calamity) that can prevent the seller from fulfilling the terms of the contract. A FM clause in the contract frees both parties from contractual liability or obligation when prevented by such events from fulfilling their obligations under the contract.
- 9.8.7.2 The firm has to give notice of FM as soon as it occurs and it cannot be claimed ex-post facto.
- 9.8.7.3 The purchaser cannot enforce any punitive measures in the contract, so long as the delay and/ or failure of the seller in fulfilling its obligations under the contract is the result of an event covered in the FM clause.

9.8.8 Liquidated Damages (LD) & recoveries

- 9.8.8.1 LD clause allows the purchaser to recover a pre-estimated and mutually agreed amount of damages suffered by the AAI on account of late delivery. There is no need to establish actual loss due to late supply, provided such a term is included in the late supply.
- 9.8.8.2 A sum equivalent to 0.5 (half) per cent per week for the price of uncompleted portion / activity / delivery of contract cost executed / completed beyond delivery schedule is recovered as liquidated damages. The total damages shall not exceed 10 (Ten) per cent of the value of delayed goods. The liquidated damages shall be calculated on the base cost without the Govt. taxes and duties.
- 9.8.8.3 LD should never be waived, except under exceptional conditions, and only after obtaining approval from Competent Authority as per DOP.
- 9.8.8.4 In case of imports, the terms of LC should be such that for dispatches beyond delivery period, payment should be only after deducting the LD as per terms of the contract, unless a formal extension of the delivery period is granted by the purchaser.

9.8.9 Enforcement of recoveries:

Recoveries are to be enforced as admissible as per the conditions of the contract and while making such recoveries no endorsements that they (recoveries) are being made at the instance of a third party like Vigilance , CET , audit etc should not be done as such endorsement may weaken AAI's case during arbitration or court proceedings. Recoveries are to be enforced as admissible as per the conditions of the contract.

9.9 Breach of Contract, Remedies and Termination

- 9.9.1** A breach of contract occurs when a party to a contract fails to perform his obligations under the contract. e.g. Failure to meet the time of delivery or to meet the quality required or to meet the ethical standards that affects the purchaser seriously.
- 9.9.2** A model communication (after expiry of contract) by the purchaser to the seller is given at Annexure-9_B and it may contain other information as necessary.
- 9.9.3** As soon as a breach of contract is noticed, the purchaser should issue a show cause notice to the seller, reserving the right to implement contractual remedies.

9.10 Cancellation of the Contract for Default

- 9.10.1** A contract may be terminated in the following cases:
 - 9.10.1.1 Default : If the seller fails to deliver any or all the items / services / Completion of works as stipulated in the purchase order within the specified time limit.
 - 9.10.1.2 Failure to perform any obligation: If the seller fails to perform any obligation under the contract.
- 9.10.2** If the contract is terminated, the purchaser may take recourse in :
 - 9.10.2.1 Forfeiture of the performance security.
 - 9.10.2.2 Purchaser may resort to buying the item from an alternate source (Risk Purchase) and recover the cost from the seller.
 - 9.10.2.3 The supplier, however, shall continue to fulfil the contract to the extent not terminated.
- 9.10.3** The purchaser may terminate the contract by giving a written notice to the seller if the seller becomes insolvent.
- 9.10.4** The purchaser may terminate the contract if an unforeseen situation arises, compelling the purchaser to cancel the contract.

9.11 Dispute Resolution

- 9.11.1** To avoid escalation in time, cost and unpleasantness resulting from disputes, the contract should contain suitable provisions for settlement of disputes or difference. AAI provides for a Dispute Resolution mechanism in the form of Dispute Resolution Board / Committee and a suitable clause to this extent be made a part of the tender.
- 9.11.2** The dispute resolution may also include a clause which stipulates that in the event of a dispute not being resolved to the satisfaction of the

purchaser and the seller, the dispute be referred to a higher level in the hierarchy in both the organisations.

9.11.3 The Dispute Resolution Committee shall be formulated as per following guidelines:

9.11.3.1 For works awarded by Member/Chairman/AAI Board, Constitution of DRC shall be decided by Chairman, AAI.

9.11.3.2 For Works awarded by ED level of Officers at CHQ. Followings shall be members of DRC.

9.11.3.2.1 GM (from same discipline but other than under whose jurisdiction, the work falls)

9.11.3.2.2 Joint GM / DGM – Finance Directorate.

9.11.3.2.3 Joint GM / DGM – Planning/Engg/CNS/ATM/Communication Equipment Directorate (other than dealing with the subject contract).

9.11.3.3 For Works awarded by RED or APD (ED), followings shall be members of DRC

9.11.3.3.1 GM (from same discipline but other than under whose jurisdiction, the work falls)

9.11.3.3.2 Joint GM/DGM – Finance Directorate.

9.11.3.3.3 Joint GM/DGM – Planning /Engg/CNS/ATM/ Communication

9.11.4 In case of contract awarded by officers below ED level, the matter will be referred to concerned ED/RED for constitution of DRC. The DRC will be constituted on same lines as given in above sections.

9.11.5 Officers appointed on DRC, not serving in AAI, will be eligible to get fee as applicable for arbitration cases. No fees or honorarium will be payable to officers serving in AAI. However, they will be entitled to TA/DA etc. as applicable for tours.

9.11.6 An officer will be nominated by HOD of concerned Directorate or Department, who will function as ‘Member-Secretary’ to the DRC. Member-Secretary will be responsible for all administrative work like issue of letters/notices to parties, obtaining their replies and putting up to DRC, making arrangements for holding the meetings etc.

9.11.7 Officers of GM/DGM/SM rank will be authorized by HOD, who are parties to the contract from AAI side to present the AAI’s case before the DRC, alongside the contractor, who shall present his case.

9.11.8 DRC thus constituted may act as ‘conciliator’ and will be guided by principles of ‘conciliation’ as included in part III of Arbitration & Conciliation Act, 1996 as amended by the Arbitration and Conciliation (Amendment) Act, 2015.

- 9.11.9** DRC may adopt a procedure based on principles of equity and natural justice, giving full opportunity to both the parties to present their view points to their satisfaction. The DRC shall give full consideration first to the contract conditions and if specific issue is not addressed under contract conditions, it will be guided by principles of objectivity, fairness and justice giving consideration to among other things, the rights and obligations of the parties and usages of trade concerned and circumstances surrounding the disputes including any previous business practices between the parties as provided in the Arbitration and Conciliation Act 1996.
- 9.11.10** When it appears that there exists elements of a settlement which may be acceptable, the possible settlement will be drawn and given to parties in draft form, for their acceptance. Departmental officers of AAI will process draft agreement to Competent Authority for obtaining his concurrence / approval before signing the ‘Settlement Agreement’.
- 9.11.11** If all parties agree on a settlement of disputes, a written agreement shall be drawn and signed by parties. DRC shall authenticate the ‘Settlement Agreement’ and furnish a copy thereof to each party.
- 9.11.12** Dispute Resolution Committee should give its reports/settlement agreement within 45 days of its constitution.
- 9.11.13** When the disputes could not be resolved through the Dispute Resolution Committee, the Arbitration clause may be invoked.
- 9.11.14** The Contractor shall be entitled for invoking the arbitration clause only after exhausting the remedy available under the Dispute Resolution Mechanism.
- 9.11.15** If the parties fail to reach a resolution even after referring to the higher level, either party should be able to start arbitration proceedings under the Indian sellers as per the Indian Arbitration and Conciliation Act, 1996 and Changes and amendments to the Act in 2015 after following the due procedure.

9.12 Testing and Inspection:

- 9.12.1** It will be the responsibility of the vendor / contractor to submit the system test procedure for conducting the FAT or the post installation site acceptance testing. The procedure submitted by the vendor should be drafted in line with the standard practices followed in the industry and should be in accordance with the test procedures & practices specified by the OEM. The acceptance test procedure on approval by AAI shall become the document for acceptance of the equipment / system. The draft copy of system test procedure should be made available to AAI before 15 days of the scheduled acceptance dates.

9.12.2 The testing and inspection of the equipment / components / systems procured shall be carried out in three stages as follows.

9.12.3 Factory Inspection / Acceptance Testing (FAT):

9.12.3.1 The Buyer or his representative shall have the right to conduct pre-dispatch inspection of the Hardware and Accessories including the software for their conformity to the specifications. Where the Buyer decides to conduct such tests on the premises of the Original Equipment Manufacturer (OEM) or Supplier of the OEM or its subcontractor(s), all reasonable facilities and assistance like Testing Instruments and other test gadgets including access to drawings and production data shall be furnished to the inspectors at no charge to the Buyer. The schedule & procedure of testing shall be intimated to the bidder after the placement of the Work order / purchase order.

9.12.3.2 If any inspected or tested Items fail to conform to the Specifications the Buyer may reject them and the Contractor shall either replace the rejected Items or make all alterations necessary to meet Specification requirements free of cost to the Buyer.

9.12.4 Post receipt / pre-installation testing:

9.12.4.1 Notwithstanding the pre-supply tests and inspections prescribed above, the Items on receipt in the Buyer 's premises will be checked after receipt and if found boxes containing the equipment are found damaged on external examination, or the seal found to be tampered these items shall be rejected and shall be replaced free of cost to the Buyer.

9.12.5 Post installation Acceptance testing / Inspection:

9.12.5.1 This testing / inspection shall be performed after the completion of installation of the parts. The inspectors shall verify the component level details during this testing and shall sign the installation report after successful completion of the post installation testing. Defects / shortcomings brought out in this testing shall have to be attended as per the contract within the permitted time schedule.

9.12.6 If any Item or any part thereof, before it is taken over under above testing/inspection clauses, is found defective or fails to fulfill the requirements of the contract, the consignee shall give the Contractor notice setting forth details of such defects or failure. The Contractor shall make the defective material good, or alter the same to make it comply with the

requirements of the contract forthwith and in any case within a period not exceeding one month of the initial report. The replacements by the Contractor shall be made free of all charges at site. Should he fail to do so within this time, the Buyer reserves the discretion to reject and replace at the cost of the Contractor the whole or any portion of the items as the case may be, and that is defective or fails to fulfill the requirements of the contract. The cost of any such replacement made by the Buyer shall be deducted from the amount payable to the Supplier

9.12.7 The testing & inspection as per above clauses in any way does not relieve the Contractor from any Warranty or other obligations under this contract.

9.12.8 Acceptance test procedure & programme for all the items shall be discussed and finalized after the award of the work in a joint meeting.

9.12.9 Manufacturer's Quality Self-certification

9.12.9.1 Reputed manufacturers could be relied upon with respect to certain goods for quality products. These may not be subjected to physical inspection and the materials may be accepted under the firm's quality self-certification. The physical inspection clause stipulating the inspection authority and inspecting officer in such cases should not be included in the contracts entered into. Waiver of pre-dispatch inspection and acceptance of materials under the firm's quality self-certification may be considered with the approval of the TS authority and should be clearly stated in the tender document.

9.12.9.2 In case of goods to be imported from abroad, pre-dispatch inspection of goods at the supplier's premises involves considerable expenditure to the purchaser. In such a situation, the purchaser may substitute pre-dispatch inspection by its own inspector with manufacturer's in-house inspection report and warranty. However, before adopting this procedure, the nature and cost of the goods ordered, the reputation of the supplier, and so on, should also be kept in view and appropriate decision taken.

9.12.9.3 However, the right of waiver of inspection may be reserved only for specific requirements. Justification for the waiver should be recorded. Also, a suitable clause may be incorporated in the conditions of contract.

9.12.10 Issue of Inspection Report

- 9.12.10.1 After satisfactory inspection and tests, the acceptable goods shall be stamped, labelled, marked or sealed, in such a way as to make subsequent identification and tally with the inspection report of accepted lots easy for the consignee/user.
- 9.12.10.2 In respect of materials which have been rejected by the inspecting officer, the rejection inspection report should be issued immediately following the completion of inspection. All the reasons for rejection and deviations against the governing specifications, drawings or other particulars should invariably be noted in detail in the “remarks” column of the rejection inspection report.
- 9.12.10.3 Each inspection report should be jointly signed by the representative of AAI and the supplier. If the supplier refuses to sign the joint inspection report it should be recorded in the inspection report before signing the report by the AAI inspectors.

9.12.11 Joint Inspection on Complaint - In case a written complaint is received from the supplier disputing the rejection of goods by the AAI inspecting officer, it should be jointly investigated by a team consisting of an authorized representative of the AAI and an authorized representative of the supplier.

9.12.12 The issue of this inspection / rejection report does not condone the late delivery and does not intend or amount to an extension of the delivery period or keeping the contract alive. The goods are being passed / rejected without prejudice to the rights of AAI under the terms and conditions of the contract.

9.12.13 Approval of Acceptable Deviations

- 9.12.13.1 Generally, no Deviation in specifications / requirements should be accepted after the award of the contract. However, specification deviations which don't affect price, quality, performance may be allowed at the level of the TS authority.
- 9.12.13.2 Under no circumstances will the inspecting officer have the authority to modify the governing specifications, approved drawings or samples during inspection without reference to the TS authority. For all cases of acceptance with deviation, the nature of deviation along with a justification for acceptance against such

deviation should be duly documented. The TS authority that approved the tender should have the final decision on deviations.

- 9.12.13.3 In all other cases, the goods should be rejected giving all reasons by issuing a rejection inspection report. Rejections should not be made in a piecemeal manner.

9.13 Measurements of Deliveries / Work Done

- 9.13.1** All goods received in sealed boxes and requiring installations & commissioning shall be opened by the vendor in the presence of the representatives of AAI before the start of the installation process.
- 9.13.2** AAI shall measure and take into stock the quantity delivered at the time of Installation noting down the distinct serial nos of items delivered.
- 9.13.3** If goods & supplies involve only delivery then the delivered goods & services shall be measured and taken into stock at the time of delivery.
- 9.13.4** For the measurable items requiring installations of variable nature like laying of cables, digging etc the quantity of the work shall be measured from time to time as per agreed schedule and documents be signed jointly by the AAI execution team and the vendor.

9.14 Distribution of Dispatch Documents for Clearance/ Receipt of Goods

- 9.14.1** The supplier shall send all the relevant dispatch documents as specified in the contract well in time to AAI to enable AAI to clear or receive (as the case may be) the goods in terms of the contract.

9.15 Accounting and Payment of Received Materials

9.15.1 Goods Receipt and Inspection Report

- 9.15.1.1 If the received material successfully passes the quantity and quality checks, accounting of material received shall be done on the basis of the Goods Received against the delivery challan along with the inspection report. A receipt of the goods received in good condition and correct quantity shall be to the supplier at this stage. Along with the receipt, the material is handed over to the warehouse where it is to be stored or to the installation team wherever installation is to be carried out.
- 9.15.1.2 In case the received material fails to pass quantity and quality checks, the supplies shall be rejected and supplier shall be asked to take back the rejected supplies within a stipulated time not more than 21 days. During this period the rejected goods are to be kept in the safe custody of the stores.

9.15.2 Passing of Supplier's Bills

9.15.2.1 After the goods are received in good condition, the invoice is received from the supplier, supported by relevant documents. Based on contractual terms where payments are made based on proof of dispatch against a purchase order, bills shall be passed and accounted based on the receipt of materials in good condition and as per the tender conditions. All correspondence with the supplier will be handled by the Project manager / In-charge. The documents, which are needed from the supplier for release of payment, are to be clearly specified in the contract. The paying authority is also to verify the documents received from the supplier with corresponding stipulations made in the contract before releasing the payment.

9.16 Procedures for handling interpretation issues in Customized Application Software related Issues

9.16.1 In case of contracts, wherein Customized Application Software is required to be developed by the supplier for ANS / IT systems, there may be some issues regarding interpretation/understanding of implementing software functionalities defined in tender. This may result in delay in closing the contract gracefully. To address such issues the following guidelines may be followed at RHQ and CHQ level to expedite closure of the Contract within the stipulated time-period.

9.16.1.2 In case of contracts which has been awarded at RHQ level, the Tender Approving Authority at RHQ may formulate a subject matter expert Committee from the ATM & CNS Dte or (IT & the user Department) as the case may be at Station level to examine such issues. However, Tender approving Authority is the final authority in such issues.

9.16.1.3 In case of contract which has been awarded at CHQ level and tested by the nominated Site Acceptance Test Team, the TS Authority at CHQ may formulate a subject expert Committee from the ATM & CNS Dte. or (IT & the user Department) in consultation with Member (ANS) or Member (Ops) (As the case may be) to examine such issues . However, Technical Sanction Authority is the final recommending authority on such issues for seeking approval from next higher Authority.

9.16.2 Following procedures may be adopted to address the unresolved issues related to interpretation / understanding of tender requirement with supplier:

9.16.2.1 The Committee members may agree to the justification provided by the supplier and recommend to close the issues. In case

Committee members do not agree with the justification provided by the supplier, then appropriate financial penalty may be recommended as per their experience & in the interest of AAI as a mitigation towards non-conformance . Penalty amount as a percentage of application software cost as recommended by the committee may be recovered from the Performance Bank Guarantee submitted by the supplier under the contract or from the balance payment due to supplier.

9.16.2.2 Committee may also recommend a suitable time-period for resolving such issues as per AAI understanding with or without levy of L.D..

9.17 Closure of Contract

9.17.1 Before releasing the final payment to the contractor and before releasing the PBG, the purchaser should ensure that there is nothing outstanding from the contractor. Generally, the purchase order includes a clause which asks for a bank guarantee or a similar security from the contractor which is valid for the duration of the guarantee period. In such a case, the final payment should be released only after confirming that the Performance bank guarantee as per contract is valid as on the date of closure. If it is not valid as per contract revised PBG may be obtained before closure of the project and release of the final payment. Project Closure Report may be issued at this stage if required. However, project closure report may not be issued or issued with limitations / shortfalls in CNSP contracts where software or other related issues are pending.

9.17.2 On completion of all activities against a contract, the purchase file should be preserved for a period of five years from the date of completion of the work and then destroyed after expiry of the applicable mandatory retention period with the approval of the head of the department. However, Purchaser, at its discretion, may retain important records for future reference particularly in cases where any vigilance or audit references have been made.

9.18 Project Completion Certificate :-

9.18.1 AAI project in-charge or project Manager shall issue a formal supplies / project completion certificate within fifteen days of signing of the site acceptance test or completion of supplies (if no installation is involved) and the material is accepted by AAI or satisfactory completion of installations as recorded by site / project team provided there are no major deficiencies / defects in the work. However, if there are defects in the supplies / work and the vendor insists for a

completion certificate, a provisional certificate of physical completion duly recording the defects to be rectified by the contractor and for which final payments to be withheld or made with recoveries, shall be issued.

9.18.2 Final completion certificate shall be issued only when such notified defects are made good to the satisfaction of AAI. In case of software based contracts the system shall be accepted only after resolution of critical anomalies (Anomalies having a direct operational impact on the performance of the system) and following the procedure laid down in this manual.

9.18.3 A format of the Project Completion Certificate / Provisional Project Completion Certificate is attached as Annexure-9_D & Annexure-9_E respectively.

Format for Extension of Time (delivery / Completion Period) / Performance notice

(On Letter Head—Can be sent by email)

Ref: -----

Date:-----

To

M/s (name and address of form)

Sub: PO No.----- dated----- for the supply of

Contract No dated

Name of the work:-----

Ref: Your letter no. dated:

Dear Sir,

1. You have failed to deliver / complete the work as referenced above within the contract delivery period with delivery / completion date as (last extended) -----. In your letter referred above you have asked for ((further) if already extended once or more times] extension of time for delivery / completion of work. In view of the circumstances stated in your said letter, the time for delivery / completion is extended from (fill in date) to (fill in date).
2. Please note that the grant of this extension of time in delivery / completion is without any prejudice to AAI's rights to levy compensation and do recoveries as liquidated damages or take other measures under the terms and conditions of the subject contract.
3. You may now tender the Stores / deliveries / works for inspection [balance of the Stores] in terms of this letter. Stores / deliveries / works if any already tendered by you for inspection but not inspected will be now inspected accordingly.
4. You are also required to extend the validity period of the performance guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within 15 (fifteen) days of issue of this amendment letter.
5. The above extension of delivery date will also be subject to the following:
 - 5.1 That no increases in price on account of any statutory increase in or fresh Imposition of customs duty or other levies is applicable in respect of the Stores / deliveries / works specified in the said contract which takes place after (insert the original

delivery date) shall be admissible on such of the said Stores / deliverables / works, as are delivered / completed after the said date. and

- 5.2 That notwithstanding any stipulation in the contract for increase in price on any other ground including foreign exchange rate variation, no such increase which takes place after (insert the original delivery date) shall be admissible on such of the said Stores / deliverables / works as are delivered after the said date.
6. All other terms and conditions of the contract remain unaltered.
7. Please intimate your unconditional acceptance of this amendment letter within 10 (ten) days of the issue of this letter failing which the contract will be cancelled at your risk and expenses without any further reference to you.

Yours faithfully,

(Project Manager / Incharge or higher authority)

Substitute following first para instead of first para in format above, for issuing a performance notice.

1. You have failed to deliver / complete the work as referenced above within the contract delivery period with deliver / completion date as (last extended) ----- . In spite of the fact that the time of delivery of the goods / completion of works stipulated in the contract is deemed to be of the essence of the contract, it appears that (fill in the outstanding quantity / works incomplete) are still outstanding even though the date of delivery has expired. Although not bound to do so, the time for delivery is extended from (fill in date) to (fill in date) and you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods / works at your risk and cost.

Annexure-9_B

Model Format for correspondence with supplier after expiry of delivery date

Registered Acknowledgement Due

To

M/s

.....

Sub : Contract No. dated for supply of

Dear Sirs,

The date of delivery of the subject contract expired on As supplies against the same have not yet been completed, there is a breach of the contract on your part. As information is required regarding past supplies against this contract, you are requested to send the particulars regarding the quantity supplied so far and, also, the quantity inspected so far, but not yet dispatched and the quantity ready but so far not tendered for inspection before the expiry of the date of delivery.

The above information is required for the purpose of verification of our records and is not intended to keep the contract alive and does not waive the breach. This is without prejudice to the rights and remedies available to the purchaser in terms of the contract and law applicable in this behalf.

Yours faithfully,

(.....)

for.....

Page Left
Blank

AIRPORTS AUTHORITY OF INDIA,
-----**(Address)**

Performa for periodical reporting on projects above Rs.50 Crores

Report for the period from -----(Date) to -----(Date)

Name of project : _____
Awarded cost : _____
Name of contractor : _____
Date of award : _____
PDC as per contract : _____

Revised PDC as per EOT (if delayed) : _____

Target milestone for the period : _____
Status as on date : _____
Delay if any : _____
Reason for delay : _____
Reportable matter if any : _____

(Project In-charge / Manager)

Page Left
Blank

Annexure-9_D

**AIRPORTS AUTHORITY OF INDIA,
-----(Address)**

COMPLETION CERTIFICATE

Name & Address of issuing Officer :
Details of work Executed :
Work Executed by :

1.	Name of work (with brief particulars / Brief Scope)	:	
2.	PO No.	:	
3.	Date of commencement of work	:	
4.	Stipulated date of completion	:	
5.	Actual Date of Completion /Pre-Closed	:	
6.	Details of compensation levied for delay, if any	:	
7.	Tendered / PO Amount	:	
8.	Gross amount of completed work.	:	
9.	Completion Comments	:	All components of the work completed successfully

Dated :

Project Manager / Project in-charge

Page Left
Blank

**AIRPORTS AUTHORITY OF INDIA,
-----(Address)**

PROVISIONAL COMPLETION CERTIFICATE

Name & Address of issuing Officer :

Details of work Executed :

Work Executed by :

1.	Name of work (with brief particulars / Brief Scope)	:	
2	PO No.	:	
3	Date of commencement of work	:	
4	Stipulated date of completion	:	
5.	Actual Date of Completion /Pre-Closed	:	
6.	Details of compensation levied for delay, if any	:	
7.	Tendered / PO Amount	:	
8.	Gross amount of completed work.	:	
9.	List of deficiencies / Defects observed.	:	

Dated :

Project Manager / Project in-charge

Page Left
Blank

Disposal of Goods

10.1 Scrap for disposal

There accumulates, a large quantity of material which is neither usable for the purpose for which it was originally procured nor of any other operational value. Such material is generally called “scrap” and should be distinguished from other stores and component parts which can be utilised after repair or renovation. Occasionally, scrap may consist of second- hand or in excellent repair even new material which is surplus to the need of the Airports Authority of India (AAI) and may command a fair price in the market not normally associated with scrap.

10.2 Classification and categorization

It is very important to categorize the scrapped items under different trade groups based on the use to which the scrap purchaser can put it for commercial use. Properly grouped and sorted scrap is likely to attract better value and help in keeping historical data of prices and facilitates fixing of reserve prices.

The classification and disposal of scrap should be done twice a year. However, on need basis the periodicity may be increased at a location / station / unit with the approval of the head of the department at the location / station / unit.

10.3 Survey of materials for classifying as scrap for disposal

10.3.1 Competent Authority to declare and dispose off Scrap Material as laid down in the DoP.

10.3.2 Survey of Scrap: Generally, items may be identified as scrap in any of the following cases:

10.3.2.1 Whether the item has completed its expected useful life or not, factors such as norms for maintenance cost; norms for utilisation of such equipment; usability in the organisation or any other office must also to be considered before deciding on scrapping the equipment;

10.3.2.2 The item has a limited shelf life, exists in surplus quantities and there is likely to be no future use of the item during the remaining period of its useful life;

10.3.3 The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the Survey Committee. In case of vehicles / vehicle mounted equipments, a condemnation inspection report shall precede the survey report. A standard format for Survey Committee’s (SC) recommendations for write-off / disposal of goods is provided in Annexure-10_A.

10.3.4 Survey Committee may seek the approval of the Competent Authority (as per DoP) with the concurrence of the Finance Deptt.

10.4 Modes of disposal

10.4.1 The mode of disposal may be determined by the CA, keeping in view the necessity to avoid accumulation of such goods, consequent blockage of space and also deterioration in value of goods to be disposed of. The usual modes of disposal of scrap are:

10.4.1.1 Small value scrap such as waste paper or industrial sweepings, and so on, up to a value of Rs. 10,000 (Rupees Ten thousand) in each case (estimated / market value) may be sold directly to the local scrap dealers on a summary quotation basis;

10.4.1.2 Sale through the e-auction portal, or a tender for disposal or traditional public auction may be resorted to for scrap value above Rupees Ten Thousand. E-Auction should be the preferred mode for such disposals, using the e-Auction platforms of NIC, MSTC, Indian Railways or any other appropriate portal as per the terms & conditions as contained in e-portal of auctioneer.

10.5 Sale of hazardous waste items would be governed by the following procedures in addition to guidelines/notifications issued by the Central Pollution Control Board (CPCB)/Ministry of Environment and Forests (MoEF) from time to time:

10.5.1 Sale of old batteries/lead acid batteries will be governed by the Batteries (Management & Handling) Rules, 2001 or as amended from time to time;

10.5.2 Sale of other categories of hazardous waste items will be governed by the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 or as amended from time to time;

10.5.3 Sale of e-waste shall be governed by E-Waste (Management) Rules, 2016 or as amended from time to time;

10.5.4 Bidders must submit a notarized copy of the valid registration certificates issued by the State (or Union Territory) Pollution Control Board (SPCB) and produce it at the time of taking delivery of the materials, failing which their bid will be liable for rejection. In case of lead acid batteries, used/waste oils and nonferrous metal wastes, in addition to submitting necessary valid registration from the SPCB, the bidder must also submit a notarized copy of the valid registration certificate from CPCB (or MoEF); and

10.5.5 In case of a sale involving inter-state movement of goods, the buyer shall also submit an NOC from the concerned SPCB, with whom the buyer is registered, to

the seller before taking delivery, failing which the buyer will be responsible for the consequences and the seller shall take further decision as may be deemed fit.

10.6 Preparation for disposal

10.6.1 Scrap recommended for disposal should be segregated from other materials into an identifiable lot. It should be marked as such with a board, indicating the lot number and brief description. Valuable scrap such as non-ferrous metals should be secured in lockable rooms.

10.7 Determining reserve Price

10.7.1 The guiding principle to fix the reserve price should be maximum returns for the organization but keeping with the ground realities. For example, a Diesel Forklift Truck purchased for Rs.7 Lakhs can be sold in the market for more than Rs.1 Lakh whereas a Battery operated Forklift Truck of similar capacity which is purchased at a cost higher than that of Diesel Forklift Truck will fetch not more than Rs.20,000/- to Rs.30,000/- when disposed off. This happens due to the fact that Battery operated Forklift Trucks are normally not used in the open market. In general, however, following principle should be followed:-

10.7.1.1 In case of vehicles, which are normally used in the open market as commercial vehicles, the reserve value should be fixed keeping in consideration the book value and the trend in the market for the said model of vehicle. Previous sale price of a particular type and model of the vehicle may also be kept in mind after giving allowance for life of vehicle, after which the sale is proposed and the physical condition of the asset.

10.7.1.2 Reserve value for surplus / obsolete inventory should also be fixed keeping in mind whether the stores being declared surplus / obsolete are used in the open market extensively or not.

10.7.1.3 The deliberated opinion of the survey reporting committee with regard to arriving at Reserve Price should be considered as the best option. The custodian of the asset should be primarily responsible to guide the survey committee with regard to assessing the reserve value. The tendency of keeping the Reserve Price on higher side should be avoided.

10.7.1.4 Once the reserve value is fixed, effort should be made to dispose off the asset at a cost higher than the reserve value. Where however, it is not possible to do so, the reasons can be recorded and disposal effected as per the provisions of Delegation of Powers.

10.7.1.5 Where due to operational reasons, it is necessary to continue use of survey reported capital asset till its replacement is in position and due to this reason it becomes imperative to continue R&M expenditure to

maintain such survey reported asset, a reference to this aspect will be made on the body of the survey report itself so that competent authority while approving the survey report, also approves use of the asset after it has been survey reported and also approves incurring of continued R&M expenditure on such asset. Maximum constrain, however, shall be exercised by the authority competent to approve the R&M expenditure on day to day basis to ensure that only limited / vital repairs are carried out in all such cases.

10.8 Conditions of disposal applicable to all modes of disposal

10.8.1 **‘as-is-where-is’ basis** : Notwithstanding anything contained in the e-auction or advertisement issued on the description and particulars of material for sale, the sale is on ‘as-is-where-is’ basis only and the principle of caveat emptor (let the buyer be aware) will apply. As is where is means that the description/ quality/quantity indicated are approximate and the seller does not give any assurance or guarantee that the material will strictly adhere to the advertisement or e-auction. All items shall be taken delivery of from the site by the successful bidders, with its faults and errors in description, if any. Neither can the sale be invalidated nor the bidder make any claim/ compensation, whatsoever, on account of any defect in description or deficiency in the quantity and quality. No plea of misunderstanding or ignorance of conditions put forth subsequent to a confirmation of sale shall be accepted.

10.8.2 **Inspection by bidders** : In view of the ‘as-is-where-is’ condition, bidders are advised to quote rates only after inspection of items at the site. The bidder or his authorised representative may inspect the materials as per the inspection schedule mentioned in the auction details, between 11 am to 4 pm (excluding lunch hours) on any working day at the location specified against each lot with the prior permission from the contact person, as given in the auction details. The detailed description of all lots, including the list of spare parts, if any, is available at the site.

10.9 Right to reject all bids

10.9.1 The seller reserves the right to accept/reject and cancel any bid, amend the quantity under any lot or withdraw any lot at any stage before or after acceptance of bid/issue of acceptance letter/sale order/delivery order/deposit of the full sale value by the bidder, without assigning any reason thereof and the value of such material, if paid for, shall be refundable. The seller shall not be responsible for damage/loss to bidders on account of such withdrawal at any stage from the sale.

10.10 Taxes

10.10.1 Any statutory variations in the rate of taxes/duties are to be borne by the purchaser. GST rates as applicable on the date shall be payable by the successful bidders directly to the seller at the time of taking delivery of materials. In order to avoid the imposition of penalty, the amount deposited by the successful bidder

towards taxes and duties will be immediately deposited with the concerned tax authorities without waiting for the actual delivery.

10.11 Disposal through Tender

10.11.1 Disposal through tender could take place through the e-Procurement portal or normal tendering.

10.12 Disposal through auction

10.12.1 AAI Department may undertake auction of goods to be disposed of either directly or through approved auctioneers;

10.12.2 The basic principles to be followed here are similar to those applicable for disposal through the advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale, and so on, should be given wide publicity in the same manner as is done in case of the advertised tender;

10.12.3 While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale, and so on, (as already indicated earlier while giving wide publicity to it), should be announced again for the benefit of the assembled bidders;

10.12.4 During the auction process, acceptance or rejection of a bid shall be as per the terms and conditions as contained in e-portal of auctioneer.

10.13 Buy Back Offer

10.13.1 When it is decided to replace an existing old item(s) with a new/ better version, the Department may trade the existing old item while purchasing the new one by issuing suitable bidding documents for this purpose. The condition of the old item, its location and the mode of its handing over to the successful bidder are also to be incorporated in the bidding document. Further, the bidder should be asked to quote the prices for the item (to be offered by them) with rebate for the old item and also, without any rebate (in case they do not want to lift the old item). This will enable the Department either to trade or not to trade the old item while purchasing the new one.

10.14 Disposal at scrap value or by other modes

10.14.1 If AAI Department is unable to sell any surplus or obsolete or unserviceable item at the reserve price, in spite of its attempts through an advertised tender or auction, it

may dispose it off at its scrap value with the approval of the CA in consultation with the Finance Department. In case AAI Department is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner.

10.15 Disposal of Throw-Away type items

10.15.1 These items cover :

10.15.1.1 Such stores which have been completely consumed and have no economic value / life.

10.15.1.2 The items which are not reusable or fit for re-cycling.

10.15.2 There is no need of fixing the reserve price for such items individually. However, such items should be auctioned on 'as is where is' basis as a regular policy, say once in six months or one year depending upon the size of the lot. Concerned Directorate in CHQ/RHQ/Airport Directors / Station Incharge are authorized to fix the reserve value of such lots and also approve the disposal at their level. Few example of the nature of throw away items are indicated at Appendix – 10 (F).

10.16 Delivery of sold material

Delivery of sold materials shall be as per the terms and conditions of the e-portal or as per the terms and conditions of the auction as specified hereunder :

10.17 All risks to the buyer

The items shall remain, in every aspect, at the risk of the buyer from the time of acceptance of bid offer. The seller will not undertake any liability whatsoever for the safe custody, protection or preservation after the sale has been confirmed. Lots are put up for sale, subject to change by nature's wear and tear. No complaint regarding the quality or description of the materials sold will be entertained once the bid has been accepted.

10.18 Terms of delivery

No picking, choosing, sorting, welding, cutting or breaking of goods or materials sold will be permitted unless otherwise specified. In used/waste oil, separation of oil and water, and so on, shall not be allowed at the site. If these actions are allowed, there is possibility of leakages. In mixed lots, the buyer may take undue advantage by leaving cheaper components behind. If whole machinery is sold and cutting and breaking is allowed, it would be difficult to ensure that the purchaser is taking out only his own cut material and not other unsold material or from other scrap lots. If any foreign materials are found to be mixed in the lot, other than the items included in the auction catalogue and acceptance letter/sale order, the seller reserves the right to remove them at the time of delivery. The buyer shall not be entitled to re-sell an item, lot or

part of a lot while the goods are still lying within the premises of the seller and any such sale or assignment of the buyer's right to the material sold in an auction will not be recognised. All documents for releasing materials will be made out in the name of the buyer only.

The material will be delivered only to the successful bidder or his authorised representatives against the presentation of the buyer's identity proof. If the successful bidder desires to authorise a representative or an agent to accept delivery, the bidder shall produce a suitable power of attorney or authorisation letter for each lot separately, duly attested, by a notary public authorising his representative or agent to lift the material from the seller.

10.19 Default by seller

The seller will not be, in any way, responsible for failure to deliver the material due to causes beyond his control such as a strike, lockout, cessation of work by labourers, shortened hours, act of God or other causes or other contingencies whatsoever. The buyer shall not be entitled to cancel the contract and the period of delivery shall automatically be extended proportionately.

10.20 Default by buyer

Materials sold but not removed within the specified date will become the property of the seller and it will have the right to dispose of such goods in any manner as he deems fit without any notice.

10.21 Witnessing delivery

All materials sold shall be weighed or counted before delivery, in the presence of Stockholder's representative;

10.22 Deliveries of scrap

At the time of delivery of scrap material to the purchaser, the weighment is to be done in the presence of the stockholder's representative.. The stock-holder should arrange for the deliveries to be affected according to the agreement and terms and conditions of sale.

10.23 Variation in available Quantity

At the time of delivery, the actual quantity may vary from the quantity mentioned in the delivery order. In case of excess available material, the seller reserves the right to retain material in excess of quantity in the lot at its discretion.

If the quantity in a lot on actual weighment or count is less than the announced quantity, the seller will not make good the deficiency under any circumstances. The purchaser thereof will be entitled to obtain a refund for the undelivered quantity at the quoted rate.

10.24 Conclusion of delivery

The seller's responsibility ends after the consignment has been loaded and handed over to the representative of the purchasers. The seller will be no party to any dispute that may arise after the loading has been completed.

10.25 Survey off an item where purchase price / date of purchase is not available

In such case where purchase price and date of purchase is not available, the custodian of such asset shall give a declaration that to the best of his knowledge, the particular asset is more than ____ years old and purchase price at the time of procurement would not be more than Rs. _____. In all probabilities, and all possible efforts were made to locate the relevant details like date of purchase and purchase price but in vain. The Incharge of the department of the custodian of the asset shall also counter sign on the declaration, thereafter the asset shall be treated as any other asset i.e. equivalent to the asset where purchase price is available. The survey committee shall also authenticate the same

Annexure-10_A

Survey Report of the Items for write-off

1.	Description of item:	
	Make and Model :	
3.	S. No.	
4.	Date of purchase and induction into services and cost	
5.	Extent of use in years and months	
6.	Present Book value	
7.	Date from which write-off / obsolescence as per life cycle of the product	
8.	Reasons for obsolescence / write-off	
9.	Details of major repairs and replacement	
10.	Conditions of major components and assemblies	
11.	Assesed re-sale value	
12.	Comments on alternate use of the equipment in the organization	
13.	Recommendations regarding retrieval of components for use in other equipments.	
14.	Recommendations regarding discarding, highlighting both on	

	maintenance, operation and their cost.	
15.	Any other remarks :	NIL

It is certified that the case is not for the write-off of any equipment damaged by the negligence on the part of any AAI employee, which call for any disciplinary action by the higher authority.

Signed by Survey Committee members

- | | |
|---|---|
| <p>1. Signature</p> <p>Name</p> <p>Designation.....</p> <p>Date</p> | <p>2. Signature</p> <p>Name</p> <p>Designation.....</p> <p>Date</p> |
| <p>3. Signature</p> <p>Name</p> <p>Designation.....</p> <p>Date</p> | |

Survey Report Accepted by the competent authority (As per DOP)

Signature of CA as per DOP

Chapter 11

11.1 Duties and Responsibilities of Executives Involved in Procurement of Goods and Services

11.1.1 Duties and responsibilities of officers at different levels in Airports Authority of India involved in the process of procurement of Goods and Services are listed in this chapter. However, Officers at different levels may be assigned additional / higher duties and responsibilities from time to time as per the requirements and directions issued by the higher Authorities.

11.1.2 The duties and responsibilities given below are indicative in nature and pertains only to the procurement related activities. These duties don't cover other duties and responsibilities related to the day to day activities of a department.

11.1.3 HOD / ED of a department shall be competent to assign / allocate duties and responsibilities to different executives overriding the above allocation based on the physical strength posted in the department and other practical constraints.

Sr. No.	Activity	Amount (In lakhs)	Responsibility level	Remarks
1.	Need Assessment / Indent preparation / compilation	Upto 500	AM / Manager	Sr. Manager / AGM wherever lower level not available
2.	Need Assessment / Indent preparation / compilation	> 500 <=2000	Sr. Manager / AGM	DGM / Jt GM wherever lower level not available
3.	Need Assessment / Indent preparation / compilation	> 2000	DGM	Jt. GM / GM wherever lower level not available
4.	In-principle approval to indents / new procurements		As per para 2.1.2 of the procurement manual	
5.	Cost Estimation for AA&ES including analysis of rates	Upto 500	AM / Manager	Sr. Manager / AGM wherever lower level not available

6.	Cost Estimation for AA&ES including analysis of rates	> 500 <=2000	Sr. Manager / AGM	DGM / Jt GM wherever lower level not available
7.	Cost Estimation for AA&ES including analysis of rates	> 2000	DGM	Jt. GM / GM wherever lower level not available
8.	Preparation of Case and proposal for AA&ES	Upto 500	AM / Manager	SM / AGM wherever lower level not available
9.	Preparation of Case and proposal for AA&ES	> 500 <=2000	SM / AGM	DGM wherever lower level not available
10.	Preparation of Case and proposal for AA&ES	> 2000	DGM	Jt. GM / GM wherever lower level not available
11.	Accord of AA&ES		As per delegation of Powers (DOP)	
12.	Accord of Revised AA&ES		As per DOP for accord of AA&ES	
13.	Preparation of Technical Specifications, TS, NIT and Tender Documents, moving the proposal & Call of tenders	Upto 500	Manager	SM / AGM wherever lower level not available
14.	Preparation of Technical Specifications, TS, NIT and Tender Documents, moving the proposal & Call of tenders	> 500 <=2000	SM / AGM	DGM wherever lower level not available
15.	Preparation of Technical Specifications, TS, NIT and Tender Documents, moving the proposal & Call of tenders	> 2000	DGM	Jt GM / GM wherever lower level not available
16.	Accord of Technical Sanction & approval of NIT and the Tender Document		TS Authority as per DOP	

17.	Approval of all corrigendum to the tender document, amendments of dates, relaxations of technical / other provisions during tender process etc		TS Authority as per DOP and the higher authority as per the provisions of this manual wherever required	
18.	Appropriation and re-appropriation of funds		As per DOP	
19.	Requisition for emergency Purchase		As per provisions of the manual Chapter 2	
20.	Signing of the Integrity Pact		TS authority as per DOP	
21.	Signing of PAC certificate		Concerned ED after the approval of the committee as per the provisions of this manual (Chapter 4)	
22.	Single Tender Enquiry		TS / Tender / NIT approvals by the TS authority after the in-principle of the Member Concerned at CHQ / RED at RHQ and HOD at the Airports.	
23.	Direct procurement without quotations		As per the provisions of DOP	
24.	Preparation of the reply to the queries to the tender document by bidders	Upto 500	Manager	SM / AGM wherever lower level not available
25.	Preparation of the reply to the queries to the tender document by bidders	> 500 <=2000	SM / AGM	DGM wherever lower level not available

26.	Preparation of the reply to the queries to the tender document by bidders	> 2000	DGM	Jt GM / GM wherever lower level not available
27.	Approval of the reply to the queries to the tender document by bidders		TS Authority as per DOP	
28.	Chairing pre-bid conferences	Upto 500	DGM / Jt GM	GM wherever lower level not available
29.	Chairing pre-bid conferences	> 500 <=2000	GM	ED wherever lower level not available
30.	Chairing pre-bid conferences	> 2000	ED	
31	Extension of Tender opening date		TS authority as per DOP	
32.	Tender Opening Committee		As per Chapter 5 of the Manual.	
33.	Accepting tender fee and EMD		Bid opening Committee	
34.	Tender Evaluation Committee		As per Chapter 7 of the manual.	
35.	Acceptance of PQ and Technical Bid		TS authority as per DOP	
36.	Splitting of the Contract / Parallel contracts		As per Chapter 7 of the manual.	
37.	Acceptance of Abnormally Low Bids		As per provisions of the manual in Chapter 7	
38.	Approval of negotiations committee and accepting the negotiated offer of the bidders as per the provisions of chapter 7 of the manual.		Tender accepting authority as per DOP	

39.	Consideration of Single tender in open Tender / Global tender and limited tender situations		Accepting authority as per DOP after following the provisions & procedure of this manual	
40.	Cancellation of tender process / rejection of all bids & re-tender		TS authority in the conditions mentioned in chapter 7 of the manual and following the due process.	
41.	Signing of the contract document		As per DOP	
42.	Maintenance of the procurement records post award	Upto 500	Manager	SM / AGM wherever lower level not available
43.	Maintenance of the procurement records post award	> 500 <=2000	SM / AGM	DGM wherever lower level not available
44.	Maintenance of the procurement records post award	> 2000	DGM	Jt. GM / GM wherever lower level not available
45.	Rate Contracts & AMC's		All duties and responsibilities as above shall be applicable for rate contracts as well, however, the financial limits indicated will 1/10 th of the limits given above as the RC tenders are generally smaller in value. TS and financial powers shall be same as per DOP.	
46.	Project Manager for procurement of goods and services contracts.	Upto 500	Sr. Manager	SM / AGM wherever lower level not available

47.	Project Manager for procurement of goods and services contracts.	> 500 <=2000	AGM / DGM / JtGM	DGM wherever lower level not available
48.	Project Manager for procurement of goods and services contracts.	> 2000	GM	Jt. GM wherever GM level officer is not available
49.	Site Project Manager wherever, projects are awarded centrally	Upto 500	Sr. Manager / AGM	AM / Manager wherever lower level not available
50.	Site Project Manager wherever, projects are awarded centrally	> 500 <=2000	DGM / JtGM	SM / AGM wherever lower level not available
51.	Site Project Manager wherever, projects are awarded centrally	> 2000	GM	Jt. GM wherever GM level officer is not available
52.	Technical amendment's to contract after award		TS authority as per DOP with or without cost adjustment	
53.	Issue of all kind of Notices to the vendor as per contract		Project Manager with the approval of the TS authority.	
54.	EOT with or without levy of compensation		As per DOP	
55.	Imposition of Liquidated damages		As per DOP	
56.	Waiver of compensation or LD		As per DOP	
57.	Issue of Performance Notice		Project Incharge / Manager at CHQ or overall Project Manager / Incharge	
58.	Termination of Contract		As per DOP	

59.	Cancellation of Contract for default		As per DOP	
60.	Constitution of Dispute Resolution Committees		As per DOP	
61.	Acceptance of Dispute resolution committee		As per DOP	
62.	Acceptance of arbitration Award		As per DOP	
63.	Acceptance of FAT / SAT reports without deviation		Inspection Team / Inspecting Authority	
64.	Acceptance of FAT / SAT reports with minor deviations (On recommendations of committee)		One authority higher than the TS authority	
65.	Inspection of Test Report		Head of the test committee	
66.	Acceptance of the Measurement of Deliveries	Upto 500	AM / Manager	Sr. Manager / AGM wherever lower level not available
67.	Acceptance of the Measurement of Deliveries	> 500 <=2000	Sr. Manager / AGM	DGM / Jt GM wherever lower level not available
68.	Acceptance of the Measurement of Deliveries	> 2000	DGM	Jt. GM / GM wherever lower level not available
69.	Passing of Suppliers Bills		Project Incharge / Project Manager	
70.	Paying Authority		As per DoP	
71.	Constitution of Survey Committee		As per Material Management Policy & Manual	
72.	Acceptance of Survey Report		As per DOP	

73.	Disposal of Goods		As per DOP	
74.	Acceptance of Deviation from the main work		As per DOP	
75.	Acceptance Extra / Substitute items		As per DOP	
76.	Issue of Completion Certificate / Provisional Completion Certificate		Project Manager / Project in-charge	