

AIRPORTS AUTHORITY OF INDIA
DIRECTORATE OF ENGINEERING

Ref: AAI/CHQ/Engg.(E)/Cust. Duty/Tech-Inst./2020

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TECHNICAL INSTRUCTION NO.- 37

Subject: Systematic Improvement for evaluation of tenders with custom duty & standardization of maintenance cost of equipments /facility in the tenders.

1. Guidelines for inclusion of Custom Duty amount for evaluation of price bid.
2. Guidelines for inclusion of Operation & Maintenance cost for equipment's/facilities.
3. Guidelines for Implementation of Make in India Policy for engineering works.
4. Applicability of procurement manual in Engineering works.

1. **Guidelines for inclusion of Custom Duty amount for evaluation of price bid:**
It has been observed in one of the tender that, the evaluation of bid to establish L1 Bidder has been carried out without considering the custom duty amount. In case of make in India bidders, imported components for every bidders will be different, accordingly, different values of custom duties amount will be applicable, hence L1 position may change on addition of customs duty. Hence non-inclusion of custom duty for reverse auctioning will defeat the purpose of "Make in India" policy of the Govt. of India.

a) **To encourage the domestic manufacturer under the " Make in India" policy, following clauses shall be incorporated in the tender.**

i) *"Custom duty at prevailing rate (prevailing rate of custom duty is ___%)prevailing rate of custom duty including social welfare surcharge/ Cess /CVD (Countervailing Duty)etc. on applicable amount (CIF amount), shall be quoted by creating a separate line item to evaluate the financial bid for establishing L1 bidder. However, work order should be placed excluding GST & Custom Duty."*

ii) **Reimbursement/Adjustment of custom duty:**

- *In case the Custom Duty paid by AAI directly to Custom Authorities of Government of India by utilizing EPCG license/duty scrip under SEI scheme of Govt. of India/Cash by AAI directly to custom authority, is more than the custom duty amount quoted by agency then the difference of amount will be deducted to that effect from the agency's bills.*

If it is less; the agency shall not have any claim for difference in the actual amount & quoted amount.

- *In case AAI allows agencies to pay directly the custom duties, then the actual custom duty amount paid by agency shall be reimbursed by AAI against documentary evidence subject to quoted amount or actual custom duty amount whichever is less.*

2. Guidelines for inclusion of Operation & Maintenance cost for equipment's/facilities.

In order to bring uniformity in Operation and Maintenance cost for equipments during SITC works/ composite tenders, following procedure shall be adopted.

- i) For individual SITC works / item rate Composite tenders with Operation and AICMC (Excluding EPC tenders) :
 - a) During tendering, the BOQ of price bid shall be prepared for SITC, operation and AICMC items, however agency is able to quote rates for SITC portion only and **Operation and AICMC price fields shall be in disabled mode** (Sample Template is attached as **Appendix-A**). After opening of price bid, the portal will display the total of SITC including position of bidders. (In case of reverse auctioning only L1 price will be displayed before reverse auctioning).
The cost of operation and AICMC will be worked out on the basis of pre-decided percentage of SITC amount (in case of reverse auctioning the discounted SITC amount shall be considered) and subsequent cumulative escalation for 5/7 years.
 - b) The pre-decided percentage for AICMC cost for the first year after Defect Liability Period (DLP) shall be derived based on previous awarded works trend, offers from OEMS, life of equipment, standard practices depending upon location of the site. The concerned ED (Engg.),CHQ (in case of CHQ tender) / GM (Engg.), RHQ (in case of RHQ/ station tender) shall finalize the prefixed percentage judiciously.
 - c) The pre-decided percentage for Operation & routine maintenance cost for the first year during Defect Liability Period (DLP) and thereafter shall be derived on the basis of standard AOR for manpower as per site requirement/OEM's recommendations considering minimum wages act and applicable benefits as per labor laws and rules. The concerned ED (Engg.),CHQ (in case of CHQ tender) / GM (Engg.), RHQ (in case of RHQ/ station tender) shall finalize the prefixed percentage judiciously.

- d) The final tender evaluation shall be done on the basis of total cost i.e after adding cost of Operation and AICMC (after reverse auction).

3. Make in India Policy:

- (i) The "Make in India" policy circulated by Govt. of India on Dtd. 15.06.2017 with upto date revisions shall be applicable for Engineering works for global tenders. Accordingly, copy of policy adopted by AAI is enclosed for ready reference and applied on SITC portion considering the spirit of the policy.(i.e. to minimize the outflow of foreign exchange)
- (ii) The following para shall be incorporated in NIT and Tender document for evaluation of make in India component.
- (a) The bidder who wish to avail preference under Make in India policy should submit the undertaking (Annexure – A) for submission of Make in India documents in Envelope – II stating that the rates quoted towards local content shall not be less than 50% of total quoted amount (as per BOQ).
- (b) The bidder shall submit the details as per Form – III i.e. calculation of local content in goods / services provided in make in India policy available in tender document. This details should match with the rates quoted in Schedule of Quantities (i.e. submitted price bid), failing which AAI shall have full rights to consider their bid as non-make in India bid and price preference as per the provision of Make in India policy shall not be applicable even though the local content is more than 50%.
- (c) The bidder should submit filled and signed Forms – I, II, III & IV in sealed envelope (Make in India envelope) to bid manager in original hard copy such that the documents should reach before scheduled date of opening of price bid. In case of non-submission of these documents till scheduled time and date, their bid shall be treated as non- make in India bid.
- (d) The bid manager shall open the sealed envelopes containing Forms- I, II, III & IV as above after completion of reverse auction process in presence of tender opening committee members. Accordingly, eligibility of make in India bidders shall be verified based on the local content and L-1, L-2, L-3, etc., shall be finalized.

4. The provisions of Procurement Manual shall not be applicable for engineering procurements/works/services. The Engineering Works shall be governed by Engineering Works manual only.

It is enjoined upon all engineers for strict compliance henceforth.

This technical instruction is available on the AAI website:

www.aai.aero => Employee Login => Circulars & Orders (Double Click) => Check Circulars => Department (Engineering) => Type of Circulars => Technical Instruction => Search.

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26.02.20
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Distribution: As per attached list