

- c. Decisions on complaints relating to Implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
- d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's / accountant's certificates on random basis and in the case of complaints.
- e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.
- g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.
- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
  - The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry / Department or in some other manner;
  - On a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
  - In respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

#### **10. Specifications in Tenders and other procurement solicitations:**

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of 'Class-I local suppliers' / 'Class-II local supplier' who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.
- c. Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above
- d. Reciprocity Clause
  - i. When a Nodal Ministry/Department identifies that Indian suppliers of an item are not allowed to participate and/or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GEM for appropriate reciprocal action.
  - ii. Entities of countries which have been identified by the nodal Ministry/Department as not allowing Indian companies to participate in their Government procurement for any item related to that Nodal Ministry shall not be allowed to participate Government procurement in India for all items related to that nodal Ministry/ Department, except for the list of items published by the Ministry/Department permitting their participation.
  - iii. The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on Gem shall also necessary have the above provisions for items identified by nodal Ministry/Department.
  - iv. State Governments should be encouraged to incorporate similar provisions in their respective tenders.
  - v. The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.
- e. Specifying foreign certifications/ unreasonable technical specifications/ brands/ models in the bid document is restrictive and discriminatory practice against local suppliers. If foreign certification is required to be stipulated because of non-availability of Indian standards and/or for any other

reason, the same shall be done only after written approval of Secretary of the Department concerned or any other Authority having been designated such power by the Secretary of the Department concerned.

- f. "All administrative Ministries/ Departments whose procurement exceeds Rs.1000 Crore per annum shall notify/ update their procurement projections every year, including those of the PSEs/PSUs, for the next 5 years on their respective website."

**10.A Action for Non-compliance of the Provision of the order:** In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative dept undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter appropriate action administrative or otherwise shall be taken against erring officials of the procurement entities under relevant provisions. Intimation on all such actions shall be sent to the standing committee.

**11. Assessment of supply base by Nodal Ministries:** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing the higher minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.

**12. Increase in minimum local content:** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.

**13. Manufacture under license / technology collaboration agreements with phased indigenization:** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who hold intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.

**13A.** In procurement of all goods, services or works in respect of which there is substantial quantity of public procurement and for which the nodal ministry has not notified that there is sufficient local capacity and local competition, the concerned nodal ministry shall notify an upper threshold value of procurement beyond which foreign companies shall enter into a joint venture with an Indian Company to participate in the tender. Procuring entities, while procuring such items beyond the notified threshold value, shall prescribe in their respective tenders that foreign companies may enter into a joint venture with an Indian company to participate in the tender. The procuring Ministries/ Departments shall also make special provisions for exempting such joint ventures from meeting the stipulated minimum local content requirement, which shall be increased in a phased manner.

**14. Powers to grant exemption and to reduce minimum local content:** The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,

- Reduce the minimum local content below the prescribed level; or
- Reduce the margin of purchase preference below 20%; or
- Exempt any particular item or supplying entities from the operation of this Order or any part of the Order.

A copy of such order shall be provided to the standing committee and concerned Nodal Ministry / Department. The Nodal Ministry/ Department concerned will continue to have the power to vary its notification on Minimum local content.

**15. Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

**16. Standing Committee:** A standing committee is hereby constituted with the following membership:

Secretary, Department of Promotion of Industry and internal Trade – Chairman

Secretary, Commerce – Member

Secretary, Ministry of Electronics and Information Technology – Member

Joint Secretary (Public Procurement), Department of Expenditure – Member

Joint Secretary (DPIIT) – Member-Convenor

The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

**17. Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary but not less than once in six months. The Committee

- Shall oversee the implementation of this order and issues arising therefrom, and make recommendation to Nodal Ministries and procuring entities

- b. Shall annually assess and periodically monitor compliance with this Order
  - c. Shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
  - d. May require furnishing of details or returns regarding compliance with this Order and related matters
  - e. May, during the annual review or otherwise, assess issued, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
  - f. May examine cases covered by paragraph 13 above relating to manufacture under license / technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
  - g. May consider any other issue relating to this Order which may arise.
18. **Removal of difficulties:** Ministries / Departments and the Board of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.
  19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1<sup>st</sup> January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.
  20. **Transitional provision:** This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issues of this Order

#### 1.19 Trade Receivables e-Discounting System (TReDS)

As an initiative of Government of India & RBI towards Make in India, Skill India & Financial Inclusion, to provide a platform for bill discounting for MSME vendors, Rashtriya Chemicals and Fertilizers Limited (RCF) has entered into an association / agreement with following 3 (three) financial institutions:

1. Receivables Exchange of India (RXIL), which is a joint-venture between National Stock Exchange and SIDBI;
2. A Treds, a joint-venture between Axis Bank and Mjunction Services; and
3. Mynd Solution which runs M1 Exchange

Contact details are given below:

Name of Exchange	Contact Name	Contact No.	Email-id
RXIL	Mandar Hukeri	9819611681	<a href="mailto:mandar.hukeri@rxil.in">mandar.hukeri@rxil.in</a>
A Treds	Ms. Deepa Rath	9980771532	<a href="mailto:Deepa.rath@invoicemart.com">Deepa.rath@invoicemart.com</a> ;
	Mr. Hitesh Popli	9930061225	<a href="mailto:hitesh.popli@invoicemart.com">hitesh.popli@invoicemart.com</a>
M1 Exchange	Jacob Raphael V	7506197628	<a href="mailto:jacob.r@m1xchange.com">jacob.r@m1xchange.com</a>
	Nieshant Nagda	9870337378	<a href="mailto:nishant.nagda@m1xchange.com">nishant.nagda@m1xchange.com</a>

MSE vendors can register on a digital platform which connects MSME sellers and their Buyers to multiple financiers. It enables MSME sellers, under an efficient & transparent bidding mechanism, to sell their invoices to financiers, thus unlocking working capital / generating liquidity quickly, without impacting their relationship with Buyers.

#### **Benefits to MSME Seller:**

1. Timely & Cheap finance without any collateral / loan / debt and no recourse to the MSME Seller
2. MSME Seller can get payments in less than 48 hours from submitting invoice on the platform, thus improving cash flows
3. Online & transparent bidding mechanism coupled with Buyer credit profile ensures most competitive rates and significant reduction in cost of funds for MSME.
4. Funding is without recourse to Seller; thus, payment once received through Platform cannot be recalled by the Financier

#### **Steps Involved for registration at Platform:**

1. Acceptance of Offer Letter

2. One-time Submission of KYC and On-boarding documents
3. Verification of Documents by individual agencies (each of above) as per RBI guidelines
4. Execution of Agreement with by individual agencies (each of above)
5. Registering of MSME seller
6. Activation of User ID and Password for MSME seller
7. Issuance of User ID and Password to MSME seller
8. Commencement of transactions on Platform

A dedicated customer Management Team will be available for all the “TReDS Platform” by these platforms for any related queries. RCF will not entertain any queries related to any of these platforms.

A payment to be taken through “TReDS” or directly from RCF is a sole discretion of the vendor. RCF shall not intervene in the vendor’s decision to place their invoices on “TReDS” Platform or directly taking payments from RCF.

“TReDS” option shall only be given to the MSME vendors and any other vendor “NOT” registered as MSME with RCF, cannot avail this facility.

## PROCEDURE FOR AWARD OF PURCHASE OR SERVICE CONTRACTS THROUGH eREVERSE AUCTION (eRA)

The following shall be the general procedure for carrying out the process of procurement and award of purchase / service contracts through **eReverse Auction (eRA)** route. The procedure given hereunder may be changed/modified, from time to time due to operational, legal or other compliance requirements. The guidelines given below are to be read and understood carefully before submission and acceptance to the same in the attached prescribed **Process Compliance Form (Annexure I)** along with the Technical and Un-Priced Commercial Bid.

### (A) General guidelines:

- 1) The bidders shall be, initially, required to submit their offers in 3 separate envelopes,
  - a. 1st envelope shall contain EMD PAYMENT DETAILS wherever called for
  - b. 2nd envelope shall contain 'Technical & Un-priced Commercial Bid'
  - c. 3rd envelope shall contain 'Price Bid'

The eRA process of finalization of award of a contract shall have **three stages**. In **Stage I** envelope 1<sup>st</sup> will be opened and envelope 2nd will be opened subject to receipt of EMD wherever called for. In **Stage II** envelope 3rd will be opened. Both these stages are physical (paper) document stages. In **Stage III**, eRA will be conducted and is the decisive stage for finalization of the tender as per NIT.

**2) The Technical & Un-priced Commercial Bid shall also contain the "Format A: Process Compliance Form" (Annexure 7) duly signed by the bidder, confirming acceptance of all the terms in the e-RA.**

- 3) The first part of the offer, Technical & Un-priced Commercial Bid, shall be opened on the due date and time as per the NIT. Wherever NIT terms provide, the bids will be opened in the presence of the representatives of those bidders who choose to remain present.
- 4) After opening of the Technical & Un-priced Commercial bids, same shall be scrutinized for technical and commercial acceptability including the prequalification criteria (the existing pre-qualified suppliers shall be exempt from these criteria during their validity period). The offers not fulfilling the techno-commercial conditions as per the NIT shall be rejected outright.
- 5) The offer, which are technically and commercially acceptable including prequalification criteria, shall be eligible for price bid opening and all such techno-commercially acceptable tenderers, shall be considered at par. Wherever the NIT so provides, the Company will intimate the qualified tenderers about due date and time of price bid opening and the bidders have the option of attending such opening of the Price Bids. The offers will be evaluated as per the evaluation procedure mentioned in the NIT.
- 6) After opening the price bids and arriving at the lowest evaluated cost to RCF, the tenderers whose price bids have been opened shall be required to participate in the eRA event conducted by the RCF's Service Provider.
- 7) The Lowest Evaluated Cost or Unit Rate obtained amongst the Price Bid opened in Stage II will generally be the **Opening Bid Price (OBP)** for eRA.

### (B) General Terms and Conditions of eRA:

1. For the reverse auction, technically and commercially acceptable tenderers and whose price bids have been opened only shall be eligible to participate.
2. RCF will inform the tenderers in writing the details of service provider including contact details to enable them to contact and also to obtain any clarification / training on the modalities of eRA.
3. Present RCF's service provider's contact details are enclosed as **Annexure-C**
4. Business rules like event date, time, start price, bid decrement, extensions, etc. will be communicated by the service provider as advance intimation for participation in eRA process.

5. Tenderers have to enclose the duly signed & filled-in compliance form in the prescribed **Format A: Process Compliance Form (Annexure- 7)** along with the Technical & un-priced commercial bid.
6. It is mandatory for tenderer to have a valid digital signature certificate (Class-II or Class-III issued in the name of Company) issued by any of the valid Certifying Authority approved by Government of India for participation in the Reverse Auction event at the time of submission of offer. Further the tenderer shall ensure that said digital signature has enough future validity period to facilitate the tenderer to participate in the eRA. Accordingly, wherever, the validity is expiring, the tenderer shall take due care to get it extended before its expiry. The cost of obtaining such digital signature shall be borne by respective tenderer. As valid digital signature is one of the pre-condition for participation in eRA event, if any tenderer does not have valid digital signature or the same has expired on the date of eRA event, he will not be eligible to participate in the eRA event.
7. E-reverse auction shall be normally conducted at evaluated cost unless otherwise mentioned clearly in Notice inviting Tender. RCF will provide the evaluation sheet (e.g.: EXCEL sheet) to each tenderer, wherever required, before the start of reverse auction to arrive at "Evaluated Cost to RCF" as detailed in NIT.
8. Reverse auction will be conducted on scheduled date & time as fixed by RCF's service provider, in consultation with RCF. The RCF's service provider will communicate the schedule to the eligible tenderers.
9. At the end of eRA, the evaluated cost of the lowest tenderer will be displayed on the auction website.
10. The lowest tenderer has to fax / e-mail the price confirmation of the final bid price through duly filled-in and signed/scanned **Format B – Price Confirmation Form (Annexure B)** to RCF immediately after closing of eRA event.
11. The reverse auction will be treated as closed only when the bidding process gets closed in all respects for the item listed in the eRA event.

**(C) Business Rule for finalization of the tender under eRA:**

1. It shall be the responsibility of the tenderer to be ready for eRA with all the requirements including valid digital signature.
2. Valid Digital Signature certificate is mandatory for login in to the eRA site and further participation in eRA.
3. The tenderer shall be assigned a **Unique User Name (Login ID), Password & Alias Name** by RCF'S SERVICE PROVIDER for each event. This will be communicated by email at the time of intimation of date and time of the event. Tenderers are advised to change the Password and edit the information in the Registration Page after the receipt of initial Password from RCF'S SERVICE PROVIDER to ensure confidentiality.
4. All bids made from the Login ID given to tenderer will be deemed to have been made by them.
5. e-Reverse Auction (eRA) [ON-LINE BIDDING ON INTERNET] shall be conducted by RCF through it's duly appointed service provider, on pre-specified time & date. The tenderers shall have to log into the tender site and take part in eRA from their own offices/ place of their choice. Internet connectivity and other paraphernalia requirements shall have to be ensured by tenderers themselves. In order to wardoff such contingent situation like internet connectivity failure, power failure etc., tenderers are requested to make all the necessary arrangements / alternatives whatever required so that they are able to circumvent such situation and still be able to participate in the reverse auction successfully. However, the tenderers are requested not to wait till the last moment to quote their bids to avoid any such complex situations. It is to be noted that either RCF or RCF'S SERVICE PROVIDER shall not be responsible for these unforeseen circumstances.