

# **PURCHASE POLICY**

**2003**

**( KENDRIYA BHANDAR )**

# KENDRIYA BHANDAR : NEW DELHI

## PURCHASE POLICY-2003

S.No.	Purchase Policy-2003
1.	<p data-bbox="355 447 563 483"><b>General Policy</b></p> <p data-bbox="406 566 1414 840">a) Purchase of branded products shall be made from the manufactures directly at a price not exceeding the cost price of distributors. Only where the manufacturers express their inability to do so the purchases will be made from their authorized distributors/ or such other agency who is one below manufacturer. ( As per Board meeting dated 12.6.03)</p> <p data-bbox="406 863 1414 959">b) Tenders shall be invited normally for items which are procured as per generalized specifications and for which brand names are not relevant.</p> <p data-bbox="406 982 1414 1268">c) Purchase of fast moving items should be made frequently so as to avoid the blocking of capital and payment of interest on overdraft. For those items, whose rate are not fluctuating, the society may enter into a contract for suitable period with the suppliers for supply of such goods.</p> <p data-bbox="406 1292 1414 1387">d) As far as possible approved quality products indicated by Agmark, ISI etc. will alone be purchased.</p> <p data-bbox="406 1411 1414 2042">e) In order to secure satisfactory performance of contractual obligations by the suppliers, they shall be required to fill up necessary forms, as may be determined by KB and pay security amount of Rs.25,000/- ( for one group of items) alongwith other relevant documents. For suppliers seeking contract for more than one group of item security amount shall be Rs.50,000/-. Relaxation from submission of security deposit either in case of multinational/reputed Indian companies or in case of welfare organization like KVIC Unit &amp; Cooperative Societies etc. may be granted. Further, in order to match the requirement of the changing economic scenario, Kendriya Bhandar may consider issue of appropriate bank guarantee as security deposit etc. to established</p>

manufactures of national repute, if so demanded.

(As per Executive Committee meeting dated 4/5/6.6.2002)

- f) Purchases should be made strictly in accordance with the delegation of the powers given in this policy.
- g) Quality and competitive price will be the corner-stones of this Purchase Policy.
- h) In order to provide choice to the consumers and also inducing healthy competition amongst the suppliers, multiple brands of varieties of products/commodity would be simultaneously purchased/procured.
- i) Branded product includes a product whose turnover is very high, whose sale outside KB and such other Cooperatives is substantially higher; and which has a regional or national presence by way of market share. ( As per Board meeting dated 12.6.2003)

The following procedure should be followed for Grocery, Consumer, Stationery and other items

2.

## GROCERY ITEMS

- a) For common nature of items having generalized specification such as pulses/rice/spices, regular tenders shall be invited alongwith samples of goods from Millers/Wholesalers having pulses license/food grain license/Agmark license etc. Goods conforming to Kendriya Bhandar's specification which should be better than that prescribed under Preventions of Food Adulteration (PFA) specification/Agmark specification shall be procured. Time to time specification may be reviewed. Purchases may be made on the recommendations of the purchase committee on the basis of rates and samples submitted by the

suppliers and their performance against the previous supplies. While recommending the purchase of these items, the rates as prevalent in the market shall also be taken into consideration. In order to ascertain that the rates and quality are up to mark, the Purchase Committee may visit market to know the reasonableness of prices and accordingly purchases should be made as per purchase policy. A Reference may be made to local rates as published in the local Newspaper. The sample selected by purchase committee shall be divided in 3 parts. One part in sealed cover duly signed by AGM, P&SE and CAO/AO shall be given to Supdt. Of concerned godown to ensure that goods received from supplier conform to the sample. Second part of sample may be kept under the custody of AGM. The goods shall be unloaded in godown after comparing with the approved samples by Supdt. Of Godown. Thereafter, random samples shall be taken from bulk supplies by Quality Control Department and the same shall be tested in approved laboratory. After getting satisfactory report, goods shall be cleared for packing and onward sale through outlets of Kendriya Bhandar. These goods should be packed in the godowns of Kendriya Bhandar affixing the lot number, date of packing, and selling price. Preference will be given to products of Public/Cooperative Sector as available at competitive prices. ( As per Board meeting dated 18.6.2003 )

The above policy should also be applicable to purchases by ISU at monthly intervals.

b) Pulses & Rice etc.

- i. Kendriya Bhandar may register about 10 Millers/Wholesalers, whose turnover is Rs.3 crores or more per annum, after inspection of the Mills or the infrastructure available at the place of the wholesaler and taking into account other factors like facility of lab testing etc. in the Mills or at the place of the wholesaler. Limited

tenders will be called by Kendriya Bhandar periodically from these Millers/Wholesalers for making purchases. Agreement should be entered into with Miller/Wholesaler which will provide that the lab testing by the Kendriya Bhandar should be final. In case the sample from any Miller/Wholesaler fails, the goods will have to be removed within the specified period by the respective Miller/Wholesaler. In case the same is not removed within the specified period, Kendriya Bhandar will have the right to charge demurrage, along with recovery of the price of unsold stock. The supply of pulses will be obtained from the Miller/Wholesaler in bulk and packing will be done in the Kendriya Bhandar. Supply of pulses shall be on the basis of FOR, Kendriya Bhandar. ( As per Board meeting dated 18.6.2003)

- ii. In case of branded Rice, the procurement will be made from the manufacturer and in case any manufacturer express his inability to directly deal with Kendriya Bhandar, the same will be procured through authorized distributor. In case of Rice, manufacturer means the owner of the brand or brand holder. In case of unbranded Rice, procurement shall be made by following the procedure outlined above.

**c) Atta & Besan etc.**

Considering the insurmountable difficulties faced by Kendriya Bhandar in handling the quality and rates of Chakki Atta. It was decided that Kendriya Bhandar may deal with only branded Atta. Atta will be made available in such a way that it is available in the lower, middle and higher price segments so that consumers have a wide choice. Besan, Suji, Maida etc. may be purchased as branded products. ( As per Executive Committee dated 4/5/6.6.2003 and Board meeting dated 12.6.2003)

- d) Other grocery items like edible oil, Vanaspati Pure Ghee etc. shall be purchased either directly from the manufacturers or their authorized distributors at rates applicable to wholesalers. As far as possible products conforming to PFA/Agmark/ISI specification in manufacturer's original packing may be purchased.
- e) Since washing soap is a branded item, Kendriya Bhandar may frame agreements with popular manufactures/distributors for supply of the same.
- f) For the provisioning of polythene for packing pulses/rice/sugar and spices, advertised tender shall be called for every year. Based on rates, capacity and performance of tenderer, the contract may be awarded.

g) **OTHER ITEMS**

Other products such as Aggarbatti, Dalia, Papad, Basmati Rice and Masala etc. may be purchased of reputed make in supplier's pack from the manufacturer or their authorized distributor at wholesale rates. For procurement of other items of Grocery, the provisions of the Purchase Policy should be strictly adhered to, which stipulates that branded items should be procured directly from the manufacturer or their authorized distributors as may be nominated by the manufacturer.

h) **Spices**

In case of branded spices, procurement may be made directly from the manufacturer or/their authorized distributor. In case of unbranded spices, tender should be invited from the manufacturer or wholesalers ( whose annual turnover is Rs.1 crore) for registration with Kendriya Bhandar. Procurement shall be made from registered manufacturers/wholesalers by inviting limited tenders. The quality of such product should not be below Agmark/ISI/K B specifications, as may be decided.

	<p>i) Wherever institutions do not purchase dietary items against the rates fixed by ISU on the basis of tender and they call for the tender separately from different agencies, Kendriya Bhandar may participate in the tender. <b>However, in case a tender is valued above Rs.50 lacs, then tender-proposal etc. should be placed before the next meeting of Executive Committee</b> on back to back basis. For this Kendriya Bhandar's margin may be kept upto 3% and depending upon the competition in the tender and value of order, the margin may be reduced <b>not below 1%</b> so that Kendriya Bhandar may not loose orders.</p>
	<p>j) Generally payment to the suppliers shall be made in the following days.</p> <ol style="list-style-type: none"> <li>1) Rice Pulses etc.                      10 days</li> <li>2) Spices                                      30 days</li> <li>3) Branded items- As per terms mutually agreed between Kendriya Bhandar and Manufacturer or their Authorized distributor.</li> </ol>
<p>3.</p>	<p><b><u>CONSUMER ITEMS</u></b></p> <p>a) Consumer Division deals with toilet soaps, detergents, beauty and health case items etc. which are branded and there is no scope of inviting tenders. <b>Kendriya Bhandar should not deal with any unbranded item</b> excluding cases of registers, notebooks, bakery biscuits etc. for which procedure set out for unbranded items may be followed.</p> <p>b) <b><u>Branded items</u></b></p> <ol style="list-style-type: none"> <li>i. For branded items, Purchase Policy should be strictly adhered to and that these items should be procured only from the manufacturer. Some of the manufacturers for reason of their own, may not be able to directly deal with</li> </ol>

Kendriya Bhandar. In such a case the right course would be to obtain Distributorship or procure the goods from an authorized distributor nominated by the manufacturers so that the goods can be purchased at the minimum cost.

- ii. Wherever more manufacturers are available their products should also be included.

Kendriya Bhandar shall enter into bi-partite/tri-partite agreement for a specified period not exceeding one year with the manufacturer/its authorized distributors as the case may be. It should be ensured that the manufacturer gives to the Kendriya Bhandar the prices list every month. Kendriya Bhandar should make efforts to get the goods at the manufacturer's sale price or the Distributor's price, giving maximum discount to the Kendriya Bhandar. Kendriya Bhandar's effort should be that maximum discount is available to Kendriya Bhandar, so that it could even while making a small margin of profit, pass on the discount to the customers so that prices of Kendriya Bhandar are lesser than the Market prices or comparable with the market.

c) **Unbranded items**

- i. In respect of unbranded items, tenders should be invited for all such items. Invitation of tender should be restricted to the manufacturers or their authorized distributors. Dealers should not be considered for participation in the tender. After short listing of the tenders, agreement should be entered into with successful tenderer, which should be valid for a period not exceeding one year. The period for agreement may vary with the product, between 3 months to 1 year; depending on possibility of price fluctuation and Kendriya Bhandar's needs.
- ii. Before introduction of any new product market survey regarding rates, sale potential etc. shall be done.
- iii. Payments shall be made as per mutual agreements between 7 to 40 days. In some cases, earlier payment to the suppliers



	<p>can be considered in case the manufacturer/distributor of such items agrees to reduce their prices to Kendriya Bhandar. This should be done only if it is advantageous to Kendriya Bhandar.</p>
<p>4.</p>	<p><b><u>STATIONERY ITEMS</u></b></p> <p>The items dealt in by Stationery Division may be categorized as (i) branded items and (ii) unbranded items. Of the unbranded items, some items may be categorized as Limited tender items and Committee items. Following is the procurement procedure of each category of items with a view that quality products are available at reasonable and competitive prices. The procedure for procurement under each category is as under:</p> <p>( As per Board meeting dated 18.6.2003)</p> <p>A) Purchase procedure for items of Stationery Division</p> <p>i. <b><u>Branded items</u></b></p> <p>a) The Purchase Policy, 2003 lays down that branded goods should be procured directly from the manufacturers. The guidelines laid down in the Purchase Policy should be strictly adhered to. These items should be procured only from the manufacturers. Some of the manufacturers, for reason of their own, may not be able to directly deal with Kendriya Bhandar. In such cases the procurement may be made from their authorized distributors. In no case shall be branded items be procured from the dealers.</p> <p>b) Kendriya Bhandar shall enter into bi-partite/tri-partite agreement for specified period not exceeding one year with the manufacturer/authorized distributor, as the case may be. It should be ensured that manufacturer gives to Kendriya Bhandar the price list every month. Kendriya Bhandar should make efforts to get the goods at manufacturer's sale price or the</p>

distributor's price, giving to Kendriya Bhandar maximum discount with the ultimate aim of supplying items to the Government Departments at equal to or less than market rate. The very objective of Kendriya Bhandar is defeated, if the prices of goods supplied to Government are higher than market price.

- c) For branded items, an advertisement may be given in the leading Newspapers from time to time inviting offers preferably from manufacturers for entering into bi-partite agreement or tri-partite agreement ( in case of authorized distributors) with the Kendriya Bhandar.

#### **ii. Unbranded Items**

Tenders should be invited for most of such items. Invitation of tenders should be restricted to manufacturers or their authorized distributors. Agreement should be entered into with the successful tenderer which should be valid for a period not exceeding one year. The period for agreement may vary with the product, ranging between 3 months to one year depending on possibility of price fluctuation and Kendriya Bhandar's needs.

#### **iii. Limited Tender items**

There are certain items such as desert coolers, office equipments, printing work where the specifications can be prescribed and the agencies identified, but it is difficult to enter into any agreement because the demand is not certain. Demand in such cases is sporadic and also requires immediate supply. These items may be categorized as Registration items. Registration in such cases cannot be individual-wise but should be item-wise. In such cases, there should be 5-10 suppliers for each items, so that the limited tenders can be called. In each case purchase will be through limited tenders. In case demand of these items are received frequently, these can be considered as

	<p>unbranded items and procedure outlined for procurement of unbranded items above will be followed.</p>
	<p><b>iv. Committee Items</b></p> <p>There are some other items such as rifle racks, hospital/school furniture, sports items etc. for which the specifications are determined by individual customers e.g. In such cases the Kendriya Bhandar may constitute a Committee comprising of DGM(F&amp;A), DGM(Opr.)/DGM(Sty) and AGM(Sty) who may conduct a market survey and submit its recommendations to the Executive Committee regarding the agency and price. If the demand of such items is repetitive in nature, the procedure outlined above for Registration items may be followed. ( As per Executive meeting dated 4/5/6.6.2003)</p> <p><b>v. Items to be dealt with by Consumer &amp; Grocery Division</b></p> <p>Following items which primarily belong to consumer division, may be procured by consumer division and transferred to stationery division based on their demand:-</p> <ul style="list-style-type: none"> <li>i. Duster</li> <li>ii. Naphthalene Balls/Phenyl</li> <li>iii. Room Freshener</li> <li>iv. Broom Brushes etc.</li> <li>v. Candles</li> </ul> <p><b>vi.</b> After completion of procurement process, a list of the stationery items available with Kendriya Bhandar may be circulated to all the Govt. Departments every month incorporating the new items, if any. Categorisation of any other items as to whether such item is branded or unbranded should be brought before the Executive Committee for decision. Various other items with low volume sales, but are required on day to day basis in Govt. departments, may also be procured on the basis of procedure prescribed for procurement of stationery items.</p>

vii. Highly technical products for which Kendriya Bhandar does not have adequate skilled manpower should not be dealt with by Kendriya Bhandar:

- a) Radio Wireless System
- b) Line Testing equipments
- c) Telemessage/Auto Voice Mail System
- d) IPM Kits/Laboratory equipment
- e) Special Application branded Software
- f) OT Lights

( As per Executive meeting dated 4/5/6.6.2003)

viii. The following computer related items will be dealt along with computers and its accessories:-

- a) Floppy/CDR
- b) Color Monitor
- c) Job Work on photo CD and
- d) Anti Radiation Screen

ix. **Miscellaneous**

- a) For branded furniture, agreements with manufacturers having all-India presence like Godrej etc. may be entered into. For unbranded furniture, the procedure set out for committee items may be followed.
- b) For all types of paper, the procedure set out for tender items may be followed. Kendriya Bhandar shall normally sell such product with margin of profit of up to 5% except in back to back cases of sale to Government where it may be reduced to 2%.

- c) Generally, marketing of capital equipments etc. will be done by Kendriya Bhandar. But in a case if clarification/assistance is required the concerned company may be asked to render its services.
- d) Kendriya Bhandar, as a principle, should not enter into "agency sales".

x. Tender Process

- a) Tender process will be conducted into two stages technical and financial. For each tender both technical and financial evaluation shall be conducted. During technical evaluation all technical aspects including capacity and capability of the firm, market reputation and standing of the firm, financial soundness etc. will be carefully evaluated. The tenderers shall be asked to submit technical and commercial tender ( bids) together. Short listing will be done after technical evaluation and the short listed firm may be given another opportunity to reduce their rates, if any, in their financial bid. Financial bids received from the short listed firms will be opened in presence of their representatives and the lowest tender (L1) shall be accepted. In case it is found that lowest tenderer (L1) does not have the capacity to supply the entire quantity, balance quantity may be offered to (L2) firm at the same price and terms & conditions offered to the lower tender (L1).
- b) Depending upon monthly consumption of an item, minimum turnover of eligible tender shall be indicated. Tenderers shall be required to furnish audited balance sheet along with their offer.
- c) It shall also be made that no brand name should be mentioned on the items supplied against tender and Kendriya Bhandar shall be within its right to procure branded items outside tender system.

5.	<p><b>Approval on case to case basis</b></p> <p>This is covered by the provisions of procurement of "Committee items."</p>
6.	<p><b>Payment terms for Stationery items</b></p> <p>i. <b>Tender items</b> - 40 days credit</p> <p>ii. <b>Branded items</b> - as per terms mutually agreed</p> <p>iii. <b>Capital equipments, registration item, committee item</b> - After realization from customers/as per agreed terms.</p>
7.	<p><b>HANDLING OF TENDERS</b></p> <p>i. <b>Preparation of tender notice for advertised tenders.</b></p> <p>With a view to enable intending tenderers to have a clear idea of the stores to be purchased by the Kendriya Bhandar, a brief and clear indication of the items required should be given.</p> <p>ii. <b>Fixation of time for receipt and opening of tender</b></p> <p>The date and time for receipt and opening of tenders should be indicated in the tender notice as well as tender enquiry. In case of advertised tenders, it should be not less than 4 weeks from date of publication of tender notice and in case of limited tenders it should not be less than 2 weeks.</p> <p>iii. <b>Time allowed for offers to remain open for acceptance</b></p> <p>Normally the tenderers should be asked to keep their offers open for acceptance for a period of one month from the date of opening. But for such items for which tender samples are to be tested a long period may be fixed for the tenders to remain open. Ordinarily, there should be no occasion to seek extension of time beyond the original validity period. Extensions should be sought in exceptional case for such period within which it is expected to decide the tender.</p>

**iv. Postponement of opening date of tenders**

Request for extension of opening date of tenders will have to be decided on merits. When a decision regarding postponement of the date of opening of a tender is taken, it should be communicated to all concerned well in advance of the originally stipulated date of opening, in order to avoid complaints.

**v. Sale of advertised tenders**

Tender sets should be sold at the cash counter on payment of Rs.200/- per set. A copy of the advertised tender notice shall be sent under certificate of posting to registered/likely suppliers of that item. A copy shall also be displayed on notice board.

**vi. Limited Tender Enquiries**

Those enquiries should be sent to all the past/likely firms under certificate of posting and should also ensure that the list is kept upto date by removing the names of those firms who have been black listed/suspended/banned.

**vii. Receipt and Custody and Opening of Tenders**

All the tenders should be received in sealed envelope and placed in a sealed tender box meant for this purpose. The tenders should be entered in a register kept for this purpose. The tender opening committee should consist of the following officers:-

1. Accounts Officer/System Analyst
2. Purchase & Sales Executive

If any of the officer is not available, Divisional head may nominate any other officer.

### **viii. Opening of Tenders**

The committee opening the tenders should verify that only authorized representative of the firms which have actually submitted the tenders are present at the tender opening. The representative of firm which have not submitted the tenders should not be allowed to be present. The tendering firms should be requested to indicate the name and address of the representative who would be attending the opening of tenders on their behalf. The Committee opening the tenders should prepare on the spot comparative statement of the quotations received indicating the salient features thereof. Each tender should be numbered serially, initialed and circled on the front page. Each page of the schedule of the prices, delivery period etc. should be circled and initialed. Blank tender should be cancelled under the initials and date by the committee members opening the tenders. Overwriting/corrections in the tender, if any, made by the firm should be initialed by the officer opening the tender. No amendment to the tenders will on any account be permitted after the tender opening has commenced. Under no circumstances tender in which the prices quoted are doubtful be considered.

### **ix. Late and Delayed Tenders**

The tenders or modifications to tenders received after the specified time of opening are treated as 'Late' while tenders and modifications to tenders received before the time of opening but after the due date and time for receipt of tenders are considered as 'Delayed' tenders. Late/Delayed tenders should not be considered and not called for negotiation. The question whether a firm who have originally submitted their offer in time but makes a post tender revision should be called for negotiation. The post tender revision should not be considered. However, if negotiations are to be held for solid reasons which are in no way connected or influenced by the post tender revision by a particular firm that firm should also be called for negotiation. In case post tender revision is not affecting the ranking of their offer and Kendriya Bhandar is gaining then only the post tender revision may be accepted.



	<p>x) <b>Comparative Statement – Preparation of</b></p> <p>After the tenders have been opened and on the extract prepared, the P&amp;SE concerned will prepare comparative statement indicating necessary details concerning the firm's offer such as rates, delivery, quantity offered discounts etc. together with any other relevant information. The P&amp;SE will also be responsible for the correctness of the comparative statement.</p> <p>The questions received from the tenderers for consideration of a particular demand should be carefully examined by the Purchase &amp; Sales Executive. The comparative statement should thoroughly be checked vis-à-vis the tenders received from the firm so as to avoid the possibility of any mistake.</p>
8.	<p><b>Revision of Rates</b></p> <p>While considering the fixation/revision of the rates, the Purchase Committee shall consider <b>after market survey</b>, whether the revision is necessitated by</p> <ol style="list-style-type: none"> <li>a) General increase in price of raw materials</li> <li>b) Increase in the quantum of levies/taxes etc. by the Government and</li> <li>c) Any other relevant factor</li> </ol>
9.	<p><b>Purchase Committee for procurement of items shall be as follows</b></p> <ol style="list-style-type: none"> <li>a) <u>Purchase Committee for Stationery Goods</u> <ol style="list-style-type: none"> <li>1. DGM (Sty)/AGM(Sty) - Chairman</li> <li>2. DGM(F&amp;A)/CAO/AO - Member</li> <li>3. P&amp;SE (Sty.) - Member Secretary</li> <li>4. Supdt. (Sty Godown) - Member</li> <li>5. Sr. Manager/Manager/ Incharge Sty. Counter - Member</li> </ol> </li> <li>b) <u>Purchase Committee for Consumer Goods</u> <ol style="list-style-type: none"> <li>1. DGM/AGM(C) - Chairman</li> <li>2. DGM(F&amp;A)/CAO/AO - Member</li> <li>3. P&amp;SE (C) - Member Secretary</li> <li>4. Supdt. Consumer Gdn - Member</li> </ol> </li> </ol>

	<p>c) <u>Purchase Committee for Grocery Goods</u></p> <p>1. DGM/AGM(G) - Chairman</p> <p>2. DGM(F&amp;A)/CAO/AO - Member</p> <p>3. P&amp;SE (G) - Member Secretary</p> <p>4. Supdt. M.Road Gro. Gdn - Member</p> <p>5. Supdt. P.Bhawan -do- - Member</p> <p>6. I/c Masala Unit - Member (for purchase of Spices only)</p> <p>Executive Committee/Managing Director may co-opt or reconstitute the committees depending upon the need.</p>
10.	<p><b>Quality Control</b></p> <p>a) <u>Pre-testing</u></p> <p>Pulses, rice, spices purchased through tenders may be pre-tested before releasing for sale. The random samples from the bulk supply shall be lifted by quality control division and sent for testing in laboratory. On receipt of the test report confirming to specifications, goods shall be cleared for packing by the godown for sale through Kendriya Bhandar outlets.</p>
	<p>b) <u>Post Testing</u></p> <p>Goods may be lifted from the stores by the quality control division randomly and the sample may be tested in laboratory. In case goods are not confirming as per specification of goods purchased, the sale of that lot/batch may be stopped and action may be taken for return of the unsold stock to the suppliers. The random post testing shall also be applicable for stationery items. Any edible item should be tested before introduction in Kendriya Bhandar.</p> <p>c) <u>Sty. Items</u></p> <p>In order to ensure quality, to the extent possible, items should be procured in original manufacturer/mill packing at the time of acceptance of items by Supdt. ( Godown)/Manager concerned, quality of goods supplied shall be physically checked with reference to approved sample and other physical</p>

	<p>parameters such as weight, size, packing labels etc. Samples may also be drawn at regular intervals and sent for testing in the laboratory. In order to ensure that spurious items are not supplied to Kendriya Bhandar some samples of the items should be sent to the original manufacturer to certify the authenticity of the item.</p>
11.	<p><b>INDEMNITY</b></p> <p>a) The terms and conditions applicable between Kendriya Bhandar and its customers against supplies made by the supplier shall also be applicable to the supplier on back to back basis.</p> <p>b) In the event of any damages being claimed by any customer of Kendriya Bhandar or any statutory authority for whatsoever reason against any product supplied by the suppliers shall be applicable to the supplier who will indemnify Kendriya Bhandar and its employees in such cases.</p> <p>c) For edible items, the supplier should submit their bill with warranty certificate as prescribed in PFA.</p>
12.	<p><b>DELEGATION OF POWER</b></p> <p>Financial and other powers for making purchases will be as under:</p> <p>a) In case supplies are proposed to be procured/purchased from manufacturers or their authorized distributors, manufacturers/distributors will be identified by the Purchase Committee and the rates obtained.</p> <p>b) Managing Director may accord approval for purchase of goods as per Purchase Policy excluding in case of deviation for which the approval should be granted by Executive Committee.</p>

- c) All contracts/tenders etc. as per Purchase Policy shall be made with the approval of Managing Director. If there is any deviation, the same shall be approved by the Executive Committee.
- d) Managing Director may accord approval of revision in price of existing product or may authorize to Divisional Head or any other Officer for this purpose. He may also authorize Divisional Heads for purchase upto Rs. 1 lakh at a time.
- e) Managing Director shall be write off damaged goods after obtaining the approval of Executive Committee.
- f) The Managing Director shall place a monthly report before the Executive Committee containing the details of purchases, sales and stock etc. for its information.
- g) Managing Director may accord approval of all purchases of goods in accordance with the purchase procedure. He may also delegate suitably the powers to DGM/AGM. Wherever a purchase has to be made urgently in deviation of Purchase procedures, MD may accord approval for one time purchase not exceeding Rs. 5 lacs and place the matter before the Executive Committee in the next meeting. Any purchase in deviation of the laid down purchase procedures exceeding Rs.5 lacs shall be made with the prior approval of the Executive Committee provided the value of such purchase does not normally exceed Rs.50 lacs. (As per Executive Committee meeting dated 11.6.2003)
- h) All the registration/empanelment of manufacturers/distributors of all items shall be finalized by Managing Director, Kendriya Bhandar. If there is any deviation, the same shall be brought before the Executive Committee.

( As per 91<sup>st</sup> meeting of Board of Directors held on 20.10.2003)

at 18.4.07  
**Review of Purchase Policy, 2003 for  
procurement of PULSES and RICE**

**1. Number of Suppliers to be registered**

Kendriya Bhandar may register upto 25 Nos. Millers/wholesalers having minimum three years experience in the business of pulses and rice. Importer/exporter of pulses and rice will also be eligible provided Party meets all the requirements of eligibility for registration in Kendriya Bhandar. Kendriya Bhandar's endeavour should be to register and encourage regular millers/wholesalers/importer/exporter with good business practices so that **lower** procurement cost can be achieved.

**2. Eligibility**

- The Millers/Wholesalers/importer/exporters should have achieved a turnover of atleast Rs. two crores per annum in the trading account in atleast two of the latest three financial years irrespective of the fact whether or not Party may be doing the business of commission sales in addition to the trading in pulses and rice.
- Following firms will not be eligible for registration with Kendriya Bhandar:
  - ✓ Firms who are doing only commission sales.
  - ✓ Sister concerns i.e. firms having common proprietor/partner.
  - ✓ Black-listed firms by Kendriya Bhandar or any other Cooperative organization / Govt. organization.

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### **3. Documents required for registration**

The firms applying for registration with Kendriya Bhandar need to submit the following documents:-

- ✓ Audited Annual Accounts for the last three years.
- ✓ Income Tax Return and Sales Tax Clearance Certificate for the last three years alongwith Tax Audit Report incorporating a certificate from their CA firm.
- ✓ A copy of the Tax identification Number (TIN), PAN Number etc.
- ✓ Letter from the Bankers mentioning financial soundness of the firm.
- ✓ A copy of the registered partnership deed/ registration certificate of the firm/company as the case may be.
- ✓ Availability of godown/infrastructure.
- ✓ Bank draft for a sum of Rs. 50,000/- (Rs. Fifty thousand only) drawn in favour of Kendriya Bhandar as security deposit which shall remain with Kendriya Bhandar till the validity of registration. No interest shall be payable on the Security Deposit.
- ✓ Undertaking on Non-judicial Stamp Paper

Firms shall be required to submit following undertakings:

- i) That their firm does not have any sister concern registered with KB for supply of pulses/rice.
- ii) That their firm has not been blacklisted by KB or any other Co-operative Society/Govt. organizations.
- iii) That they fulfill all requisite statutory requirements for supply of Pulses/rice as prescribed by Govt. of Delhi/Govt. of India prevailing from time to time and they shall be solely responsible for any violation on this account and shall indemnify KB against any liability arising from violation of any statutory requirement at their end.

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- ✓ The firms furnishing wrong information in the affidavit will be blacklisted / de-registered by Kendriya Bhandar and in addition the security amount shall be forfeited by the Management.
- ✓ The Press advertisement inviting applications from the Wholesalers/Millers/Importers/Exporters shall also be placed on the website of Kendriya Bhandar. Existing suppliers will need to apply afresh in response to the above advertisement by following the revised purchase policy.

#### **4. Procedure for Procurement**

- ✓ Limited tenders will be called by Kendriya Bhandar periodically from the Millers/Wholesalers registered with Kendriya Bhandar for making purchases of pulses and rice.
- ✓ Agreement shall be entered into with the Millers/Wholesalers which will provide that lab testing by Kendriya Bhandar shall be final and binding.
- ✓ In case sample from any Miller/Wholesaler fails in lab testing, the consignment will be rejected and the same will have to be removed from concerned godown of Kendriya Bhandar within 2 days by the respective Miller/Wholesaler.
- ✓ In case the goods are not removed within the specified period of two days Kendriya Bhandar shall levy demurrage of Rs. 1000/- per day.
- ✓ Supply of the pulses and rice from the Miller/Wholesaler will be obtained in bulk quantity as per the samples/quality decided by

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the Purchase Committee and the packing will be done in Kendriya Bhandar after the satisfactory lab testing report of the goods is received.

- ✓ Supply of the pulses and rice shall be received on the basis of FOR Kendriya Bhandar premises.
- ✓ In case the supplier on whom the purchase orders have been placed fails to supply the goods within the delivery period, Kendriya Bhandar shall go in for risk purchases tender for such items immediately after expiry and the difference in the cost of procurement shall be recovered from the concerned supplier who has failed to make supply. [This will be part of the agreement to be signed between KB and the supplier].
- ✓ In case L-2 tenderer does not agree to supply at his quoted prices,, fresh tender will be invited for such item immediately.

#### **5. Review of Registration and renewal:**

- ✓ Registration of suppliers shall be carried out on continuous basis (first come first serve basis) subject to a limit of 25 firms at a time. Serial numbers will be allotted to the applications in the order in which they are received.
- ✓ In case any registered supplier does not participate in atleast 60% of the fortnightly tenders in six months period, he is liable to be de-registered.
- ✓ Registration of the suppliers shall be renewed on yearly basis keeping in view the record of frequency of participation against Kendriya Bhandar tenders, value of the orders bagged, timely supplies and failure of samples in lab test etc.



## **6. Direct procurement from Mandi/Millers**

In exceptional/emergent situation or in the event of quoting of higher prices by the Miller/Wholesaler or suspected formation of cartel by the registered Miller/Wholesaler, the Purchase Committee may procure directly from the Mandi/Millers any item or more than one item, if required, once in a quarter not exceeding total value of Rs.20 lakhs in order to ensure/check the reasonableness of the prices. The Purchase Committee should ensure that the price of the items being procured from the Mandi/ Miller should be lower than the price quoted in the tender.

## **7. Quality Assurance**

- ✓ Kendriya Bhandar may upgrade/modify the specification of the items from time to time to improve the quality of pulses and rice. The modification in the specifications of the item shall be communicated to all the suppliers before tenders.
- ✓ ½ Kg. pack in Kendriya Bhandar packing may also be introduced in Kendriya Bhandar stores, if considered necessary.
- ✓ In case the sample of the supplier fails in lab testing, the samples may be considered for re-testing (in exceptional cases) in the same laboratory at the cost of the supplier based on the specific request received from the concerned supplier.
- ✓ Kendriya Bhandar shall associate the approved laboratory in carrying out visual inspection and comparing of actual supply of Pulses with that of master sample approved by the Purchase Committee at the time of acceptance of supplies, and the technical services of the laboratory will be engaged at a reasonable expense.

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## Review of Purchase Policy, 2003 for procurement of SPICES.

### **1. Number of Suppliers to be registered**

Kendriya Bhandar may register upto 25 Nos. Manufacturers/wholesalers with minimum three years experience in the business of spices. Kendriya Bhandar's endeavour should be to register and encourage reputed/regular Manufacturers/wholesalers with good business practices so that **lower** procurement cost can be achieved.

### **2. Eligibility**

- The Manufacturer/Wholesalers having annual turnover of **Rs.75 lakhs or more per annum** in the trading account in atleast two of the latest three financial years. While considering turnover of the manufacturer/wholesaler the turnover of spices only will be taken into account. The turnover of dry fruits will not be considered in the turnover of spices.
- The following firms will not be eligible for registration with Kendriya Bhandar
  - ✓ Firms who are doing only commission sales.
  - ✓ Sister concerns i.e. firms having common proprietor/partner.
  - ✓ Black-listed firms by Kendriya Bhandar or any other Cooperative organization/Govt. organization

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### 3. Documents required for registration

The firms applying for registration with Kendriya Bhandar need to submit the following documents:-

- ✓ Audited Annual Accounts for the last three years.
- ✓ Income Tax Return and Sales Tax Clearance Certificate for the last three years alongwith Tax Audit Report incorporating a certificate from their CA firm.
- ✓ A copy of the Tax identification Number (TIN), PAN Number etc.
- ✓ Letter from the Bankers mentioning financial soundness of the firm.
- ✓ A copy of the registered partnership deed/ registration certificate of the firm/company as the case may be.
- ✓ Availability of godown/infrastructure.
- ✓ Bank draft for a sum of Rs. 50,000/- (Rs. Fifty thousand only) drawn in favour of Kendriya Bhandar as security deposit which shall remain with Kendriya Bhandar till the validity of registration. No interest shall be payable on the Security Deposit.
- ✓ Undertaking on Non-judicial Stamp Paper

Firms shall be required to submit following undertakings:

- i) That their firm does not have any sister concern registered with KB for supply of pulses/rice.
- ii) That their firm has not been blacklisted by KB or any other Co-operative Society/Govt. organizations.
- iii) That they fulfill all requisite statutory requirements for supply of Pulses/rice as prescribed by Govt. of Delhi/Govt. of India prevailing from time to time and they shall be solely responsible for any violation on this account and shall indemnify KB against any liability arising from violation of any statutory requirement at their end.

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responsible for any violation on this account and they shall indemnify Kendriya Bhandar against any liability arising from violation of any statutory requirement at their end.

- The firms furnishing wrong information in the affidavit will be blacklisted / de-registered by Kendriya Bhandar and in addition shall also be penalized as considered appropriate by the Management.
- The Press advertisement inviting applications from the Wholesalers/ Millers shall also be placed on the website of Kendriya Bhandar. Existing suppliers will need to apply afresh in response to the above advertisement by following the revised Purchase Policy.

#### **4. Procedure for Procurement**

- ✓ Limited tenders will be called by Kendriya Bhandar periodically from the registered Manufacturers/Wholesalers only for making purchases of spices.
- ✓ Agreement shall be entered into with the Manufacturers/Wholesalers, which will provide that lab testing by Kendriya Bhandar shall be final and binding.
- ✓ In case the sample from any Manufacturer/Wholesaler fails in lab-testing, the consignment will be rejected and the same will have to be removed from concerned godown of Kendriya Bhandar within 2 days by the respective Manufacturer/Wholesaler.
- ✓ In case the goods are not removed within the specified period of two days Kendriya Bhandar shall levy demurrage of Rs. 500/- per day.

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- ✓ Supply of the spices from the Manufacturer/Wholesaler will be obtained in bulk as well as in suppliers pack.
- ✓ Supply of the spices shall be on the basis of FOR Kendriya Bhandar premises.

## **5. Review of Registration**

- ✓ Registration of the suppliers shall be renewed on yearly basis keeping in view the record of frequency of participation against Kendriya Bhandar tenders, value of the orders bagged, timely supplies and failure of samples in Lab Test etc.
- ✓ Registration of suppliers shall be carried out on continuous basis subject to a limit of 25 firms.
- ✓ In case any registered supplier does not participate in atleast 60% of the fortnightly tenders in six months period, the firm is liable to be de-registered without any notice.

## **6. Direct procurement from Wholesale market**

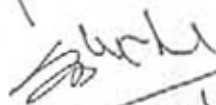
In exceptional/emergent situation or in the event of quoting of higher prices by the Manufacturer/Wholesaler or suspected formation of cartel by the registered Manufacturer/Wholesaler, the Purchase Committee may procure directly from the wholesale market any item or more than one item, if required, once in a quarter not exceeding total value of Rs. One lakh in order to ensure/check the reasonableness of the prices in the tenders received from the registered Manufacturer/Wholesaler. The Purchase Committee should ensure that the prices of the items to be procured from the Mandi/Miller should be below the price quoted in the tender.

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## 7. Quality Assurance

- ✓ Kendriya Bhandar may upgrade/modify the specification of the items from time to time to improve the quality of spices. The modification in the specifications of the item shall be communicated in writing to all the suppliers before the tenders.
- ✓ Kendriya Bhandar may enter into long term contracts for supply of any item in bulk packing/suppliers packing with any firm to improve the quality of spices.
- ✓ Branded spices in the suppliers pack may also be introduced, if considered necessary.
- ✓ In case the sample of the supplier fails in lab testing, the samples may be considered for re-testing (in exceptional cases) in the same laboratory at the cost of the supplier based on the specific request received from the concerned supplier.
- ✓ Kendriya Bhandar shall associate the approved laboratory in carrying out visual inspection and comparing of actual supply of Spices with that of master sample approved by the Purchase Committee at the time of acceptance of supplies, and the technical services of the laboratory will be engaged at a reasonable expense.

  
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