

Purchase procedure adopted in NMDC

National Mineral Development Corporation Ltd., (NMDC), (A Govt. of India Enterprise), under the Ministry of Steel, is primarily engaged in the production of iron ore and diamonds. NMDC deploys various heavy earth moving equipments such as excavators, drills, dumpers, dozers, loaders and plant equipments suitable for crushing, screening and loading etc. In order to have regular maintenance of the above heavy earth moving equipments and plant equipments, it is essentially required to procure capital equipment, spares, consumables and various general items at regular intervals. For procuring the above category of items, NMDC is adopting the following procurement procedure:-

In NMDC, procurement activities have been divided in two-tier system. Some of the items / spares have been delegated to the respective projects to procure at their end, whereas some of the items mostly high value consumable items (combining the requirements of all the Projects), capital items and imported spares are being procured at Corporate Office situated at Hyderabad. The procurement is being made on single, limited and open / global tender basis. NMDC, Hyderabad Office also concludes Rate Contracts for regular general consumable items / spare parts, explosives etc., so that all the Projects can place the orders without routing through tender procedure.

Normally, limited tenders are being called but open tenders are also invited for the new materials or when sources are not known or where there is no registration for such sources or lack of competition for the particular store group. Global tenders are also invited where there are limited indigenous manufacturers to meet the requirements or where it is advantageous to obtain the offers from the manufacturers from more than one country for technological up-gradation or to encourage competition or derive the cost advantage.

1. CAPITAL ITEMS PURCHASE

The limited / open / global tenders are called in two bid system, depending on the sources available.

Initially, the tenderers who have submitted required EMD, the techno-commercial bids of such tenderers, are opened in the presence of tenderers' representatives. After sorting out the technically acceptable tenders through a Tender Scrutiny Committee (TSC) recommendations, the price bids of technically acceptable tenders are also opened in the presence of such tenderers' representatives.

Contd...p.2

The price comparative statement on destination cost basis is prepared after taking into consideration the applicable taxes, duties, freight & insurance etc.

The Tender Scrutiny Committee examine the technically acceptable offers with last purchase rates / estimates for reasonability of price and past performance. In case the lowest technically acceptable offer is found to be on higher side, the price negotiation is also held with lowest tenderer.

TSC finally recommends the procurement on lowest technically acceptable tenders which are being concurred in Finance and approved by competent authority as per the delegation of powers. On approval, letter of intent and detailed purchase order are issued.

2. REVENUE ITEMS PURCHASE

Normally revenue items are procured on single / limited tender basis. Only in few cases such as conveyor belts, OTR tyres, RR bits and other high value items, tender is called with EMD @ 1% of the quoted price. In case the tender value is Rs.10.00 lakhs or more, the offers are opened in the presence of tenderers' representatives. The remaining procedure is same as that of capital items.

3. RATE CONTRACTS

The rate contracts of regular consumable items are finalized based on single tender/ limited tender basis. The procedure of finalizing the rate contracts is same as that of the procurement of revenue items.

4. REPEAT ORDERS

In some cases, repeat orders are also being considered, on case to case basis, after fulfilling the norms of repeat order as per the procedure stipulated in the Materials Management Manual.

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