

**BHARAT HEAVY ELECTRICALS LIMITED**  
**CFFP, HARIDWAR**  
**MM-SUBCONTRACTING**

Phone No.:- 01334-285357, 01334-285360  
Fax No. : - 01334-225892  
Email: - bhupendrasingh.yadav@bhel.in, shyam16x@bhel.in

**TENDER NOTICE**

**NIT No. : FF/SC/P17021/201708401,**

**DT. 29/05/2018**

Sealed open tenders on two parts (Techno-commercial & Price Bid) are invited for Rough Machining of Forgings (containing Ni<1.5%) having dimensions upto forged dia. 3000mm, forged length upto 10,000 mm and forge weight upto 40,000kg through sub-contracting for machining operations with machines like Lathe & Vertical Turning Lathe (VTL) etc.

Tender documents containing **Techno-Commercial Details as per Annexure-‘A’, ‘B’ & ‘C’ and Price Bid Format as per Annexure ‘D’** can be downloaded from BHEL web site [www.bhel.com](http://www.bhel.com) & [www.bhelhwr.co.in](http://www.bhelhwr.co.in).

The tenders will be received up to **2:00 pm on 20.06.2018** in the Tender box of tender room at the CFFP, BHEL, Haridwar. Techno-commercial bids will be opened on the same day at **2:00PM**. After opening of **Techno commercial bid**, the capability and suitability of the bidders shall be evaluated and **Price bid** of the qualified bidders shall be opened in the presence of the available bidders. The date of opening of Price bid will be informed to the qualified bidders.

Please quote your rates against this enquiry strictly in the following lines:-

- i. Rate to be quoted on **per Kg. of chip removal** (Gross Machining Charges) and **F.O.R** CFFP basis.
- ii. Scrap to be retained by Party.
- iii. Value of scrap on the date of material issue and GST on same shall be borne by party and recovered from the party. Any other Govt. duties to be paid by the party.
- iv. GST amount on service rendered (Gross Machining) shall be reimbursed to sub-contractors on timely filing of online returns and deposit of tax to government account for items delivered and billed.
- v. BHEL reserves the right to go for reverse auction.
- vi. Quotation not in accordance with our enquiry are liable to be rejected.
- vii. Integrity Pact is applicable for this tender enquiry. Vendor has to submit duly filled, signed and stamped copy of Integrity Pact along with their offer.

Details of IEM are as follows:-

Sh. D.R.S. Chaudhary,  
Ex-IAS, E-1/164 Arera Colony, Bhopal 462016.

All subsequent amendments / changes shall only be notified on BHEL website [www.bhel.com](http://www.bhel.com) & [www.bhelhwr.co.in](http://www.bhelhwr.co.in) .

For & On behalf of CFFP/BHEL, Haridwar

**TERMS AND CONDITION FOR RATE CONTRACT OF ROUGH MACHINING OF FORGINGS**

**1. SCOPE OF WORK:**

Rough machining of Forgings for all type of machining operations on Lathe & Vertical Turning Lathe (VTL) with forged Dia upto 3000 mm, forged Length upto 10000 mm and forged weight upto 40 MT. (Ni<1.5%). Operation will include turning, boring, drilling, parting, TP cutting etc.

**2. VALIDITY:**

The contract shall remain valid for a period of two years from the date of award of contract with the option to extend the contract by 3 months at the discretion of BHEL. In the events of 3 months extension, no subsequent acceptance from sub-contractor shall be obtained. BHEL reserves the right for short closing the contract, performance monitoring and quality surveillance at sub-contractor's end. BHEL reserves the right to terminate the contract, at any time, without assigning any reason by giving notice of 15 days to this effect. The contract can be awarded, simultaneously, in full or in part, to more than one sub-contractor or for shorter period.

**3. YEARLY LOAD:**

The total estimated yearly weight of chip removal will be approximately 1600 MT  $\pm 25\%$ . Quantity can vary on either side. No minimum guarantee can be given. Quantity allotted will be at the sole discretion of CFFP, BHEL. CFFP, BHEL will enter contract with multiple sub-contractors & quantity will be distributed among successful sub-contractors.

**4. TRANSPORTATION:**

The material shall be handed over to & received from sub-contractor at F.O.R CFFP basis. Sub-contractor has to arrange their own arrangement for to & fro transportation. Loading & Unloading of material will be done free of cost at CFFP for the Sub-contractor. In case material is dispatched by CFFP or transported by CFFP from Sub-contractors works back to CFFP, actual cost incurred will be charged from Sub-contractor. The actual cost incurred shall be decided by CFFP, BHEL which shall be final and binding upon the Sub-contractor and shall not be called in question.

4.1 Movement of tractor, trolley & vehicles within factory premises is to be regulated as per rules & avoided during peak traffic hours.

**5. Sub-contractor will be fully responsible for transportation of material to & from CFFP and also for the period material is lying with them for any theft or damage to the material or for damage to third party.**

6. RATES AND VARIANCE CLAUSE:

6.1 Rates are to be quoted for rough machining charge on per kg chips removal basis as per formulae given at clause 6.2.

6.2 Scrap rate will be calculated as below :

- a) Rate of scrap shall be based on monthly average of JPC rates. {JPC rates are issued on fortnightly basis. First fortnight (1<sup>st</sup> to 14<sup>th</sup>) hereby called “a” and second fortnight (15<sup>th</sup> onward) hereby called “b” }
- b) Monthly average of previous month shall be applicable for succeeding month. Month will start from 1<sup>st</sup> day i.e calendar month.
- c) In case JPC rates of one fortnight is not available, then rate of remaining fortnight of that month shall be considered i.e if rates of “a” are not available then rates of “b” shall be applicable and if rates of “b” are not available then rates of “a” shall be applicable.
- d) In case JPC rates of both the fortnights i.e “a” as well as of “b” are not available, then last available rates of previous month (rates of “b” and in case rate of “b” are not available then of “a”) shall be applicable.
- e) Scrap rate shall be revised every calendar month.

Sub-contractor has to quote rate for per Kg chips removal i.e value of A in the relationship given below. Quoted price for machining charge will have following relation & payable rate shall be calculated as per formulae:

$$X = A (1 + B) - C$$

A – Quoted price by Sub-contractor for per Kg of chips removal. This will remain constant through out the contract period.

B –  $(L1-L0)/L0$  i.e. Fractional change in Labour price based on skilled labour rates issued by HR Department, BHEL Hardwar. Present rate (L0) is Rs 381.31/- per day as per circular no. HR/CLX-1(B)/DA dt 17.02.2018 This will be base price and any increase/decrease will be calculated on this. This is issued on six monthly basis in February & August. Rate issued in August will be applicable to Oct to March & that in February will be applicable in April to Sept. L1 will be rates issued on half yearly basis. In case of non availability of indices for L1 in time i.e indices for Aug before 1<sup>st</sup> Oct and indices for Feb before 1<sup>st</sup> April, last available indices shall be considered.

$C = C1 + \text{GST on scrap} + \text{Any other duty on retained chips}$

C1 – Scrap rate for MSTB as per calculation based on JPC rates as detailed in clause 13.3.

X – Will be the amount either to be paid by CFFP or will be paid by Sub-contractor to CFFP for per kg of chips removal. Payment to sub-contractor or recovery will depend on the monthly rates of Mild Steel Turning & Boring (MSTB).

Billing by sub-contractor will be on A (1+B).

6.3 The chips retained by the Sub-contractor shall be treated as sale of MSTB chips by CFFP, BHEL. Sale invoice will be provided to Sub-contractor from CFFP, Finance as per cl 6.2.

6.4 Rate comparison will be on the basis of total cost to CFFP.

6.5 Normally machining of L J Housing & U J Housing are having high quantity of retained chips compared to other items and machining operation is simple, hence to bring parity in rates with other items being machined, 5% lower rate will be paid to sub-contractor from their normal quoted rate i.e. if quoted rate is A for per kg chips removal then the payable rate for machining of L J Housing & U J Housing will be  $0.95 \times A$ .

In case of retained chips is less than 1000 Kg per issued length of L J Housing & U J Housing then the quoted rate will be applicable & payable to subcontractor.

**7. DELIVERY SCHEDULE & PENALTY CLAUSE:**

7.1 Delivery schedule shall be as follows:-

<b>S.No.</b>	<b>Number of pieces to be returned after Machining (excluding stock)</b>	<b>Delivery from the date of lifting (Week)</b>
1	Up to 4	<b>3</b>
2	5 to 7	<b>4</b>
3	8 to 11	<b>5</b>
4	More than 11	<b>6</b>

Delivery after machining in shortest period is very important. Preference in allotment of jobs will be given to Sub-contractors having faster delivery. However it will not be sole criteria for allotment of jobs.

7.2 Failing to delivery schedules, standard LD/Penalty clause will be applicable (@ 0.5% per week subject to max. 10% of total machining charges. The exit & entry date mentioned by CISF on challan at BHEL material Gate will be taken as material issue & receipt date. To complete the delivery, all material including stock as per S C Order, to be returned for completion of order.

7.3 In case of delays or non fulfillment of any other terms & condition given in Sub-Contracting Order, CFFP, BHEL may cancel the order in full or part thereof and get the job executed through some other agency or CFFP may execute the job itself. The difference on cost incurred by BHEL will be recovered from Sub-contractor. Repetition may lead to cancellation of contract with the Sub-contractor.

- 7.4 As per existing rule of GST, all material sent for machining shall be returned back before 365 days. In case CFFP, BHEL has to incur any additional cost by way of (a) Payment of GST on full value of job (b) interest on GST amount due to failure on Sub-contractor account, it will be recovered from them. Any change in this rule by Govt. of India from time to time will be applicable.
- 7.5 Sub-contractor should lift the material within next two working days of the issue of subcontracting order. Failing to lift the material within specified period without valid reason may result in cancellation of the subcontracting order. In case of cancellation of two order, attributable to vendor, sub-contractor will not be considered for further allotment of job for machining for one month.
- 7.6 After inspection of job at Sub-contractors works, material must be delivered back to CFFP within next 2 working days.
8. INSPECTION:
- 8.1 Inspection will be done at Sub-contractor's works before delivery of item. Sub-contractor will give inspection call with dimensional report & other relevant details like S C Order no, Forge / SI no of item for inspection etc to CFFP QC. Accordingly QC will depute inspector for inspection at Sub-contractors works.
- 8.2 All facilities, equipment, calibrated instruments and standard gauges required for inspection shall be provided by the Sub-contractor during inspection.
- 8.3 Identification marks shall be punched on each item by sub-contractor i.e. Forge No / SI no in a yellow painted box.
- 8.4 If job not found ready for inspection on deputation of inspector, this will adversely affect the performance index of sub-contractor & shall affect further allotment of jobs.
9. PAYMENT TERMS:
- 9.1 100% within 30 days after receipt of material, submission of bills and acceptance through e-mode with accountal of material & chips.
- 9.2 Packing, forwarding & transportation charge will be inclusive in quoted rate & no separate charges for these will be paid to Sub-contractor.
- 9.3 In case of rejection the cost decided by CFFP will be final & binding to sub-contractor.
- 9.4 Payment will be made once in a month for jobs completed & bill submitted before 7<sup>th</sup> of every month.
- 9.5 Sub-contractor will have to deposit in advance, all the charges recoverable from them before lifting of material for machining.
- 9.6 Payable amount shall be calculated on the basis of chips to be removed (machined off). Weight given by CFFP shall be final in this regard. However incase of any dispute on weight of forging & machined item weight, it will be weighed at CFFP weigh-bridge & that will be treated as final.
- 9.7 Any penalty imposed will be deducted from the bills or deposit of the sub-contractor.

**10. MACHINING AND MATERIAL RETURN INSTRUCTIONS:**

- 10.1 Sub-contractor must inspect the job allotted for machining before lifting for size, cracks etc. In case the job could not be loaded on machine due to black spot or variation of size etc, no machining & transportation charges will be paid to Sub-contractor.
- 10.2 In case of cracks / black spots are noticed, while machining, the same should be brought to the notice of CFFP, BHEL and further machining should be stopped immediately till a decision, in writing, is given by CFFP, BHEL.
- 10.3 In case of partial machining (i.e machined partially) either due to cracks or ultrasonic failure, proportionate machining charges (i.e. for the chips removed) will be paid. Decision given by CFFP, BHEL will be final and binding on Sub-contractor.
- 10.4 Sub-contractor will have to follow all the instruction given on order & on drawing attached with the order. In case of any doubt, same shall got to be clarified by the Sub-contractor at all stages of machining.
- 10.5 Sub-contractor to return the material after inspection to Machine shop / Forge shop as required. Stock, if any, as per S C order must be returned by the Sub-contractor with the job.
- 10.6 No gas cutting or welding is permissible on the forging under any circumstances. If found, action as deemed fit will be taken against the Sub-contractor.

**11. BANK GUARANTEE / INDEMNITY BOND:**

The Sub-contractor has to submit a suitable Bank-Guarantee or FDR of scheduled Bank of BHEL and Indemnity Bond as required by CFFP, BHEL. Amount and validity of Bank Guarantee & Indemnity Bond will be informed separately. All Bank Guarantee/Indemnity Bond shall be in favor of CFFP, BHEL, Hardwar. BHEL reserve the right to ask for the Bank Guarantee / Indemnity Bond for increased amount depending upon the material availability with the Sub-contractor from time to time. Bank Guarantee & Indemnity Bond shall be valid for the contract period till the return of last job allotted for machining. In case of lapses, CFFP, BHEL reserve right to take appropriate step to recover job with the sub-contractor.

**12. LOADING CRITERIA OF SUB-CONTRACTOR:**

Generally, the job allotment shall be based on following: -

- i) Type of machine tool required for a job and availability of relevant machine tools with sub-contractor at the time of allotment. Sub-contractor shall submit a weekly machine loading chart of all machine tools reserved for CFFP. Feedback of BHEL representative after visit to subcontractor works for job monitoring shall also be taken into account.
- ii) Total no. of jobs (including castings of CFFP) pending with sub-contractor (existing load from CFFP on subcontractor) and jobs delayed by sub-contractor at the time of allotment.
- iii) Total No. of machine tools (verified by CFFP against the list provided by the subcontractor at the time of tender and also those machines added during the contract period as informed by subcontractor and verified by CFFP, BHEL) in working

- condition (Lathe above swing over bed dia. 800 mm & VTL) and other facilities like crane, Generator etc. installed at subcontractor works.
- iv) No. of machine tools available at the time of allotment based on point no. (i), (ii) & (iii).
  - v) Delivery requirement and ultimate delivery commitment to our customer/ urgency.
  - vi) Delivery performance of sub-contractor in the past based on actual delivery vis a vis contractual delivery. Subcontractors with faster delivery shall be given preference along with supplier performance rating (SPR).
  - vii) Performance with regard to machining of tooling type of items like low scrap items/ drilling items/ parting items/ profile items etc.
  - viii) Performance in machining of castings on available machining capacity and Sub-contractors having heavy machines & handling facilities.
  - ix) Total capacity vs machining capacity made available to CFFP. Subcontractors giving priority to CFFP jobs will be preferred.
  - x) L-1 sub-contractor in a particular category will be given preferential allotment in that category on yearly basis commensurate with their machining facilities. All vendors' capacity will be assessed and that capacity of machining will be calculated. L1 vendor will be loaded 10% above their assessed capacity by giving preferential allotment subject to their fulfillment of above conditions at (i) to (ix). However CFFP reserves its right of allotment to other Sub-contractors to meet its delivery requirement. Also CFFP will re-assess the capacity from time to time during the contract for availability & operation of the equipment / machines which have been considered for initial capacity assessment of the vendor. Initial assessment will be done before price bid opening.
  - xi) It may not be possible to load all machines of all Sub-contractors all the time. The quantum of available jobs varies throughout the year. Allotment of available jobs shall be made to eligible sub-contractors under relevant job categories.
  - xii)
    - a) For Category 1, Contract will be entered with minimum 12 vendors & maximum number of vendors shall be limited to N-3 subject to the condition of availability of offers from minimum 15 vendors. In case 14 offers received then contract will be entered with 12 vendors. In case 13 or lower offers received then contract will be entered with N-1 vendors.
    - b) For rest of categories contract will be entered with first 5 vendors subject to receiving minimum 6 offers. In case of CFFP receive 5 or lower offer, RC will be entered with N-1 vendors.

In both the above cases, N is the number of techno-commercially acceptable offers received.

Allotment of job to any Sub-contractor is the sole prerogative of CFFP, BHEL & no representation in this regard shall be entertained.

### 13. SCRAP:

- 13.1 Rate of Scrap for valuation purpose of scrap retained by sub-contractor will be as applicable on date of lifting of job. However, the date of sale will be considered as date on which material is received back against a particular sub-contracting order. Hence, applicable rate of GST on value of scrap will be as on date on which material is received back against a particular sub-contracting order. Payment of taxes & duties, billing and recovery of same from sub-contracting bills will be done accordingly. Chips retained by Sub-contractor will be

treated as sold to them by CFFP. Accordingly, all duties & levies (like GST or any tax made applicable by State Govt & Govt of India at that time) shall be paid by CFFP & will be recovered from sub-contractor.

13.2 The difference in issued weight and returned weight of finished item with stock will be treated as chips generated & retained by the sub-contractor. (See point 6.3)

13.3 The scrap rate will be calculated based on the monthly average market scrap price posted on JPC web site under category of scrap HMS II, applicable for Delhi region. MSTB chips rate are 0.875 times of JPC-HMS2 rates based on inference drawn from relation between MSTC rates & JPC HMS2 rates of Delhi region. The date of issue of material will be considered for calculating the chips value at the applicable average monthly price of previous month.

For this purpose, the months for calculation and their applicable month will be like as given below for clarity: -

Average price of JPC Bulletin for the month:

- a) December - Applicable for the material issued in the month January.
  - b) January - Applicable for the material issued in the month February
  - c) February - Applicable for the material issued in the month March.
  - d) March - Applicable for the material issued in the month April
- so on.

The calculated average monthly price, rates will be rounded off upto two decimal points.

#### 14. RECTIFICATION:

Any defect (noticed at shop) arising out of the wrong machining done by Sub-contractor shall have to be rectified within 15 days by the Sub-contractor at their own cost. However, in case the sub-contractor fails to rectify the defects or if that are beyond rectification, action as deemed fit, on case to case basis, shall be taken.

#### 15. GENERAL:

15.1 Total work i.e. transportation, handling, machining etc is to be carried out by sub-contractor at his own risk, finance, tools, machinery, human resources & supervision.

15.2 The material and supporting aids etc issued to sub-contractor as free issue for machining operations shall remain the property of CFFP, BHEL, Hardwar. The sub-contractor shall use these only for CFFP, BHEL contract and for no other purpose whatsoever. The sub-contractor shall be liable for loss or damage to these from

whatsoever cause. All the materials of CFFP, BHEL Hardwar shall under no circumstances be hypothecated to any Bank or any lending agency or to any party whatsoever. It should not also be shown as the sub-contractor's assets in any of the statements of sub-contractor to any party.

- 15.3 No further sub-contracting to third party or sister concern by the sub-contractor is allowed without prior permission of CFFP, BHEL.
- 15.4 The rate contract is also subject to CFFP, BHEL, Hardwar's general terms & conditions (of enquiry terms & conditions and sub-contract order terms & conditions issued to sub-contractor).
- 15.5 CFFP, BHEL reserves the right to suspend / cancel the rate contract unilaterally without any financial repercussions, if sub-contractor's performance is not found satisfactory.
- 15.6 CFFP, BHEL will have the right to go for risk purchase clause i.e. CFFP, BHEL may get the machining done of such items from elsewhere / alternative source at the risk and cost of sub-contractor.
- 15.7 CFFP, BHEL reserve the right to revise the drawing after placement of S C Order. Any impact on the quantum of chips to be removed will be accounted for.
- 15.8 CFFP reserve its right to call back chips (turning & boring) as & when required. In this case, the rate of scrap as detailed at clause 13 will be paid to sub-contractor.
- 15.9 Sub-contractor will submit a total list of machines & instruments with capacities & handling facilities available with them with the offer. CFFP, BHEL reserve the right to verify the list submitted by sub-contractor.
- 15.10 Sub-contractor will submit a copy of this with their offer with signature & seal on every page as proof of acceptance of these terms & condition.
- 15.11 Report & details as required by sub-contracting cell, from time to time, will be submitted by sub-contractor without fail & in timely manner or else action, as deemed fit will be taken against the sub-contractor.
- 15.12 Sub-contractor must observe / follow/ adhere to all State / Central Govt. Acts / Rules / Regulation in all aspect of operation of the contract. CFFP, BHEL shall not be liable for any fault by Sub-contractor.
- 15.13 All statutory requirements under Minimum Wages Act 1948, Payment of wages Act 1936, Workmen compensation act 1923, EPF & MP Act 1952, Payment of Gratuity Act 1970, Payment of Bonus Act 1965, Income Tax Act, GST Act and all other applicable Acts shall be complied with by the contractor.
- 15.14 Sub-contractor shall comply with all statutory requirements, rules, regulations, notifications in relation to employment of his employees issued from time to time by concerned authorities.
- 15.15 Sub-contractors must follow all environment laws & shall take all precautions. All operation of sub-contractors shall be environment complaint.
- 15.16 Sub-contractor to submit Name & address along with contact numbers & email address of the owner of the firm.
- 15.17 In case of any change in partnership/ownership/MOU of company same shall be informed to BHEL immediately with documentary proof. BHEL reserves the right to continue or cancel the rate contract with changed partnership/ownership/company.

- 15.18 In case it has been noticed that sub-contractor has substituted any job issued to them by CFFP then any further allotment under the current rate contract will not be done to the vendor & action as per company policy will be taken against that subcontractor.
- 15.19 Wrong machining of component – Recovery of amount will be made from the sub-contractor, amount as decided by CFFP. Also in case of 1st case of wrong machining – sub-contractor will not be considered for allotment of job for one month from the date when it has been found. Also it will be re-started only after receipt of request with corrective action taken by sub-contractor. In case wrong machining is noticed for 2nd time, RC will be terminated with contractor for the rest of the period. Apart from terminating contract, action as deemed fit as per company policy will be taken against sub-contractor.
- 15.20 Sub-Contractors are required to submit details of running machines – Lathes, Vertical Turning Machine & Horizontal Borer which are in running condition. Major machine dimensions are required to be provided on attached sheet by Sub-Contractor. CFFP BHEL reserve its right to verify the equipment. In case of wrong / false information, CFFP BHEL is free to take action as per company policy.
16. Breaking of Tie
- a. In case rates quoted by more than one vendor are same then vendors having higher SPR will be considered above in the raking compared to vendor having lower SPR. SPR as on date of tender opening (1st part) will be taken for consideration.
  - b. In case vendors are having same SPR then the vendors whose machining capacity, as assessed based on available machines, is more will be considered above in the raking compared to vendor having lower machining capacity.

#### 17. ARBITRATION AND GOVERNING LAW

All disputes or difference of opinion what so ever that may arise between the company and the Sub-contractor upon or in relation to or in connection with the contract, the same shall be referred to sole arbitration of Head of CFFP, BHEL or such other person as nominated by the Head of CFFP. There will be no objection to any such appointment, or award of the Head of CFFP or the arbitrator so appointed. The award shall be final and binding on the company and the sub-contractor. The arbitration proceeding shall be held at Ranipur, Hardwar. Work under contract shall continue during the arbitration proceeding, unless otherwise directed in writing by the company or unless the matter is such that the work can not be possibly continued till the decision of arbitration. Provisions of applicable arbitration and conciliation Act. shall apply.

*17. Court at Hardwar shall have sole Jurisdiction in the cases arising out of this contract.*

**GENERAL TERMS & CONDITION OF THE CONTRACT:**

1. The tender documents are not transferable. These documents can be obtained by authorized/approved contractors from the office of incharge Sub-contracting on or before tender opening date. In case of any difficulty, duplicate copy can be obtained.
2. Sealed tender can be submitted in tender room of Material Management, CFFP, BHEL, Hardwar by bonafide contractors. The contractors shall sign each & every page of tender documents before submitting.
3. The tenders duly filled-in can be submitted till 13.55 Hrs on or before tender opening date in the tender Box of Tender Room\_of Material Management department, CFFP, BHEL, Hardwar. These will be opened on the tender opening day at 14.00 in the presence of tenderer or their authorized representative who wish to be present.
4. Validity of offer should be for 180 days, for acceptance, from tender opening. However, base rates shall remain valid & firm during the contract period.
5. Incomplete tender will be ignored, however BHEL reserves the right to reject or accept any or all tenders without assigning any reason.
6. In case of partnership firm the contractor must furnish copy of partnership deed along with the tender documents. If the tender is being signed by other than the partners the tender should accompany with power of attorney to this effect.
7. Provide GSTN / PAN
8. The sub-contractor shall follow all the rules & regulation of minimum wages, insurance cover of labour, ESI& PF as per rule. BHEL reserves its right to demand any document at any point of time during the execution of contract.
9. The sub-contractor shall observe all the precautions and safety procedures as required during loading & transportation in factory premises. Also required precaution shall be taken while transportation & operation at their works. Precaution must be taken to ensure that there is no damage or pilferage of the material from CFFP & there is no injury to work man.
10. The sub-contractor shall take adequate steps to prevent any loss or damage to any materials entrusted to him. The sub-contractor shall be liable to pay, to the company, for the damages due to negligence or *otherwise* in executing the machining work entrusted to him or any other failure or any breach of terms and conditions on the part of the contractor.
11. If the Sub-contractor neglects work or fails to observe and/or follow any of the terms and condition of the agreement, CFFP, BHEL, may without prejudice to their any other rights, terminate this contract by giving 15 days notice in writing with or without forfeiting the Bank Guarantee & Indemnity Bond of the Sub-contractor. The termination of contract by the CFFP, BHEL

- shall be without prejudice to the CFFP, BHEL's right to recover from the contractor the cost of completing the work by any other agency.
12. The Sub-contractor should have sufficient financial resources to meet all expenses & contractual obligation.
  13. The Sub-contractor shall be responsible for fulfilling all legal/statuary requirements along with environmental laws. Any loss to the property (belonging to the sub-contractor or the company) or injury to the staff/labour of the Sub-contractor caused due to any reason will be the sole responsibility of the Sub-contractor. Accordingly the Sub-contractor is advised to take necessary insurance cover. Any liability of BHEL, arising due to Sub-contractor, his staff/labour, materials being handled by him, will be recoverable from the Sub-contractor. Accordingly the Sub-contractor shall indemnify the company.
  14. The Sub-contractor shall ensure valid registration with all the State and Central govt. departments as required by various laws such as ESI, PF etc. & submit copies of the same whenever required.
  15. The Sub-contractor shall pay wages to the workmen engaged by him at the rates which shall be not less than the minimum wages applicable under law from time to time. BHEL will not entertain any claim or make any reimbursement for additional burden due to change in wages structure etc. under the law. The Sub-contractor shall also ensure statutory obligations (PF, ESI etc.) & benefits to his workmen as per provisions of law enforced from time to time.
  16. Vendors not registered with CFFP, BHEL need to submit duly filled supplier registration form (SRF) along with Technical Bid. SRF can be downloaded from <http://www.bhel.com>.
  17. The Bidder along with its associate/collaborators/sub-contractors/sub-vendors/consultants/ service providers shall strictly adhere to BHEL Fraud Prevention Policy displayed on BHEL website and shall immediately bring to the notice of BHEL Management about any fraud or suspected fraud as soon as it comes to their notice.

**TECHO COMMERCIAL BID****SCHEDULE OF RATE OF FORGING**

Sl. No.	Job Description		Whether want to quote for Category (Indicate Yes /No accordingly)
<b>1</b>	<b>Machining of shaft type of forgings:</b>		
	<b>Category 1</b>	Single piece wt upto 10 MT	
	<b>Category 2</b>	Single piece wt above 10 MT & upto 25 MT	
	<b>Category 3</b>	Single piece wt above 25 MT & upto 40 MT	
<b>2</b>	<b>Machining of Disc Type forging:</b>		
	<b>Category 4</b>	Single piece wt upto 10 MT & dia upto 1500 mm	
	<b>Category 5</b>	Single piece wt upto 10 MT & dia more than 1500 mm and upto 3000mm	
	<b>Category 6</b>	Single piece wt between 10 MT to 25 MT & dia upto 3000 mm	
For all above 6 nos category return job shall be in single or multiple pieces.			
<b>3</b>	<b>Test Piece (TP) Cutting Charges (Shall be paid only in case of TP failure):</b>		
	<b>1</b>	TP cutting between $\varnothing$ 500 mm to $\varnothing$ 1000 mm	
	<b>2</b>	TP cutting more than $\varnothing$ 1000 mm	
<b>4</b>	<b>Transportation:</b>		
	<b>1</b>	TP Transportation (will be paid only in case of failure of TP)	
	<b>2</b>	<b>Job Transportation in case of TP failure:</b>	
		i) For upto 10 MT	
		ii) More than 10 MT to 25 MT	
		iii) More than 25 MT	

**Note: Vendor is required to submit the above details along with techno-commercial bid on their Letter Pad duly signed.**

**Pre-Qualification Criteria and Techno-commercial Requirements for Rough  
Machining of Forgings Rate Contract**

Name of Vendor:  
.....

Evaluation shall be done on the basis of delivered cost (i.e.) "Total cost to CFFP/BHEL". Please confirm the following or else your offer is liable to be rejected.

Sl. No.	Description	Vendor Confirmation/ Comment (in case of blank, it shall be deemed to be accepted by vendor)
<b><u>PRE-QUALIFICATION CRITERIA</u></b>		
1.	<p>Only those Bidders are required to quote in this tender whose factory / workshop is situated in &amp; around Haridwar district &amp; should be located within the radius of 80 KM from BHEL Haridwar.</p> <p>Offer of those bidders whose works are beyond the radius of 80 KM from BHEL Haridwar will be ignored.</p>	Vendor to Confirm
2.	<p>Vendor having minimum facilities as mentioned below should only quote (these facilities must be available at vendor workshop/factory).</p> <p><b>Vendors quoting for shaft type job (Shaft defined as total forged length greater than maximum forged dia):-</b></p> <p>a) Shall have at least one lathe, which is having "Swing over carriage (SOC) dia 800mm or more".</p> <p>b) Shall have at least one lathe, which is having "Admit between centers (ABC) 5000mm or more".</p> <p>c) Shall have at least one lathe, which is having loading capacity of 10MT or more. The above features can be on same or different lathes.</p> <p>d) Shall have handling facilities of 10MT or more. The technical suitability for individual categories shall be based on actual available facilities with vendors.</p> <p><b>Vendors quoting for Disc type job (Disc defined as maximum forged dia greater than total forged length):-</b></p> <p>a) Shall have at least one lathe, which is having "Swing over bed (SOB) dia 1500mm or more" or VTL which is having "Swing dia between columns 1500mm or more".</p> <p>b) Shall have at least one lathe or VTL, which is having loading capacity of 10MT or more. The above features can be on same or different lathe/VTL.</p> <p>c) Shall have handling facilities of 10MT or more. The technical suitability for individual categories shall be based on actual available facilities with vendors.</p> <p>[Following details of handling facilities and machine tools shall be submitted by the vendors: - LATHE- Swing Over Carriage, Swing Over Bed, Admittance between centers, Loading Capacity, Availability of Taper Turning Attachments, Availability of Steady Rest, Chuck Size, Bed Length, Model &amp; make of the machine. VTL- Max. Job dia., Loading Capacity, Max. height of job that can be accommodated, Model &amp; make of the machine. Handling Facilities- Type &amp; Capacity of handling facilities.]</p>	<i>Vendor to Confirm and submit detail of the facilities</i>

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Name & Signature of Sub-contractor  
With date & Seal

## Annexure – C

3.	Vendor should have previous experience of machining of jobs having minimum dia 600 mm (before machined size) on lathe or VTL from 01.04.2016 till the tender opening date. Documentary evidence like machining order, accepted inspection certificate and challan / invoice for minimum 2 jobs to be submitted along with offer.	Vendor to Confirm and submit details of PO, Inspection certificate, challan/invoice)
4.	Vendor should have valid income tax registration (valid PAN Number) & shall have submitted income tax return for the financial year 2016-17 (assessment year 2017-18).  Alternatively, vendor should have valid GSTN.	Vendor to Confirm and submit details of PAN, Income Tax Return, GST No.
<b><u>Techno-commercial Requirements</u></b>		
5.	Rates quoted in price bid should be in <b>per kg of chip removal basis (Gross machining charges without considering chips value)</b> Chips will be retained by bidder & same will be treated as sold to bidder by CFFP. Value of retained chips will be recovered from vendor from their bills or if required to be asked to deposit the amount in excess of machining charge. Chips rate will be calculated on monthly basis by CFFP based on JPC rates & will be informed to successful bidders with whom rate contract is entered through e-mail.	Vendor to Confirm
6.	Vendor must lift the material within two working days from the date of placement of order.	Vendor to Confirm
7.	Vendors not registered with CFFP/BHEL need to submit online supplier registration form on BHEL portal. If registered at any other unit of BHEL, vendor code may be furnished.	Vendor to submit
8.	Vendor has to submit BG/FDR from consortium bank & indemnity Bond as required by CFFP/BHEL before lifting of Forgings from CFFP, BHEL as per clause 11 of rate contract terms and conditions.	Vendor to accept
9.	Transportation of forging to and fro from vendor's works shall be vendor's responsibility. Transportation cost shall be borne by vendor & rates should be inclusive of this except where separate transportation charges have been agreed for certain condition of TP failure.	Vendor to accept
10.	BHEL reserves the right to go for Reverse auction (RA) instead of opening the sealed envelope price bid, submitted by the bidder. This will be decided after techno-commercial evaluation. All bidders to give their acceptance for participation in RA. Non-acceptance to participate in RA may result in non-consideration of their bids, in case BHEL decides to go for RA. In case BHEL decides to go for Reverse Auction, only those bidders who have given their acceptance to participate in RA will be allowed to participate in Reverse Auction. Those bidders who have given their acceptance to participate in Reverse Auction. Non-submissions of 'online-bid' by the bidder will be considered as tampering of the tender process and will invite action by BHEL as per extant guidelines in vogue. Apart from this, sealed priced bid submitted by L1 vendor during tendering will also be opened in case of RA is successful. For other details on RA vendor can visit BHEL website <a href="http://www.bhel.com">www.bhel.com</a> .	Vendor to accept
11.	Provide name, mobile no. & email address of the contact person	Vendor to submit
12.	Validity of offers: minimum 180 days from tender opening date (Techno-commercial bid opening date in case of two part bids).	Vendor to accept

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Name & Signature of Sub-contractor  
With date & Seal

## Annexure – C

13.	Delivery schedule: Acceptance as per clause 7 (Annexure-A) of rate contract terms and conditions.	Vendor to accept
14.	Actual quantity may increase or decrease vis a vis tender quantity without any implication of rate quoted.	Vendor to accept
15.	In case of any differences observed in conditions confirmed above & elsewhere in the offer, terms quoted above shall be treated as final and binding on vendor.	Vendor to Confirm
16.	All other commercial term and condition as per tender enquiry (including rate contract terms and condition) shall be acceptable.	Vendor to Confirm
17	<p>Normal clauses for imposing Penalty for Late Delivery, Risk purchases, Cancellation, Arbitration in case of delay in effecting supply and or other defaults as per following conditions will be applicable:</p> <p>a. Penalty for Late Delivery: The delivery of the material after machining shall be made strictly as per time limit specified in delivery schedule, failure to supply within this period will make the sub-contractor liable to a penalty of 1/2 (half) percent of the price of the order in arrears per week subject to a maximum of 10% on the SCO (total SCO value). Any correspondence regarding waiver of LD shall not be entertained. In case supplier does not agree for LD clause, BHEL will load maximum penalty under LD clause, to the extent the same is not agreed by the vendor, for the purpose of comparative statement. Where deliveries quoted are not suiting, BHEL may ignore the offer.</p> <p>b. Risk Purchase: In case of delays in return of material after machining / defective machining or non-fulfillment of any other terms and conditions given in the Sub-contracting Order by the sub-contractor, the Buyer reserves the right to cancel the sub-contracting order in full or part thereof, and may also make the machining of such material from alternative source at the risk and cost of the sub-contractor.</p>	Vendor to Confirm
18	Integrity pact- please submit along with offer	Vendor to submit ink signed document alongwith techno-commercial bid

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Name & Signature of Sub-contractor  
With date & Seal

**PRICE BID****SCHEDULE OF RATE OF FORGING**

Sl. No.	Job Description		Offered Rate (Gross machining charges Rs. per Kg of chip removal without considering chips value)
<b>1</b>	<b>Machining of shaft type of forgings:</b>		
	<b>Category 1</b>	Single piece wt upto 10 MT	
	<b>Category 2</b>	Single piece wt above 10 MT & upto 25 MT	
	<b>Category 3</b>	Single piece wt above 25 MT & upto 40 MT	
<b>2</b>	<b>Machining of Disc Type forging:</b>		
	<b>Category 4</b>	Single piece wt upto 10 MT & dia upto 1500 mm	
	<b>Category 5</b>	Single piece wt upto 10 MT & dia more than 1500 mm and upto 3000mm	
	<b>Category 6</b>	Single piece wt between 10 MT to 25 MT & dia upto 3000 mm	
<b>3</b>	<b>Test Piece (TP) Cutting Charges (Shall be paid only in case of TP failure)</b>		<b>Fixed Rs./TP Cutting</b>
	1	TP cutting between $\varnothing$ 500 mm to $\varnothing$ 1000 mm	
	2	TP cutting more than $\varnothing$ 1000 mm	
<b>4</b>	<b>Transportation:</b>		<b>Fixed Rs./ TP</b>
	1	TP Transportation (will be paid only in case of failure of TP)	
	2	Job Transportation in case of TP failure:	<b>Fixed Rs./MT</b>
		i) For upto 10 MT	
		ii) More than 10 MT to 25 MT	
		iii) More than 25 MT	

**Conditions:**

- For S.No. 1 & 2, rates will be on per Kg of chip removal.
- For S.No. 3, rates will be on per T P cutting.
- Transportation charge will be paid to party only in case if TP fails & further machining of job is not done by Sub-contractor. For other cases where after passing of TP, Sub-Contractor is permitted to machine the job, TP cutting charge will not be payable.
- Parting charges & T P cutting charges (Where after TP gets passed, Sub-contractor is allowed to further machining) will be inclusive in machining charges & separate charge will not be payable to Sub-Contractor.
- T P cutting charges will remain fixed throughout the contract period and no deduction for scrap will be made, as that will be included in machining of total job itself.
- Please put rates in figures & words for each category.
- Vendor is required to submit the above price bid on their Letter Pad duly signed.
- Offering rates for TP cutting & Transportation, in case of TP failure, will not entitle the vendor for contract for these. These contract will be entered only with those vendors who are successful for machining of category 1 to 6. Contract will be entered with only 1st five successful vendors of category 1 to 3, who accepts lowest rate, & all the successful vendors of category 4 to 6, subject to their acceptance of lowest rate.

## **INTEGRITY PACT**

### **Between**

Bharat Heavy Electricals Ltd. (BHEL), a company registered under the Companies Act 1956 and having its registered office at "BHEL House", Siri Fort, New Delhi – 110049 (India) hereinafter referred to as "The Principal", which expression unless repugnant to the context or meaning hereof shall include its successors or assigns of the ONE PART

### **and**

\_\_\_\_\_, (description of the party along with address), hereinafter referred to as "The Bidder/ Contractor" which expression unless repugnant to the context or meaning hereof shall include its successors or assigns of the OTHER PART

### **Preamble**

The Principal intends to award, under laid-down organizational procedures, contract/s for

\_\_\_\_\_  
\_\_\_\_\_. The Principal values full compliance with all relevant laws of the land, rules and regulations, and the principles of economic use of resources, and of fairness and transparency in its relations with its Bidder(s)/ Contractor(s).

In order to achieve these goals, the Principal will appoint Independent External Monitor(s), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

## **Section 1 – Commitments of the Principal**

- 1.1 The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-
  - 1.1.1 No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - 1.1.2 The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential / additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
  - 1.1.3 The Principal will exclude from the process all known prejudiced persons.
- 1.2 If the Principal obtains information on the conduct of any of its employees which is a penal offence under the Indian Penal Code 1860 and Prevention of Corruption Act 1988 or any other statutory penal enactment, or if there be a substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary actions.

## **Section 2 – Commitments of the Bidder(s)/ Contractor(s)**

- 2.1 The Bidder(s)/ Contractor(s) commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
  - 2.1.1 The Bidder(s)/ Contractor(s) will not, directly or through any other person or firm, offer, promise or give to the Principal or to any of the Principal's employees involved

in the tender process or the execution of the contract or to any third person any material, immaterial or any other benefit which he / she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.

- 2.1.2 The Bidder(s)/ Contractor(s) will not enter with other Bidder(s) into any illegal or undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
- 2.1.3 The Bidder(s)/ Contractor(s) will not commit any penal offence under the relevant IPC/ PC Act; further the Bidder(s)/ Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
- 2.1.4 The Bidder(s)/ Contractor(s) will, when presenting his bid, disclose any and all payments he has made, and is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- 2.2 The Bidder(s)/ Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

### **Section 3 – Disqualification from tender process and exclusion from future contracts**

If the Bidder(s)/ Contractor(s), before award or during execution has committed a transgression through a violation of Section 2 above, or acts in any other manner such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s)/ Contractor(s) from the tender process or take action as per the separate "Guidelines on Banning of Business dealings with Suppliers/ Contractors". framed by the Principal.

### **Section 4 – Compensation for Damages**

- 4.1 If the Principal has disqualified the Bidder from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent Earnest Money Deposit/Bid Security.
- 4.2 If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages equivalent to 5% of the contract value or the amount equivalent to Security Deposit/Performance Bank Guarantee, whichever is higher.

### **Section 5 – Previous Transgression**

- 5.1 The Bidder declares that no previous transgressions occurred in the last 3 years with any other company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprise in India that could justify his exclusion from the tender process.
- 5.2 If the Bidder 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.

## **Section 6 – Equal treatment of all Bidders/ Contractors/ Sub-contractors**

- 6.1 The Bidder(s)/ Contractor(s) undertake(s) to obtain from all subcontractors a commitment consistent with this Integrity Pact and report Compliance to the Principal. This commitment shall be taken only from those sub-contractors whose contract value is more than 20 % of Bidder's/ Contractor's contract value with the Principal. The Bidder(s)/ Contractor(s) shall continue to remain responsible for any default by his Sub-contractor(s).
- 6.2 The Principal will enter into agreements with identical conditions as this one with all Bidders and Contractors.
- 6.3 The Principal will disqualify from the tender process all bidders who do not sign this pact or violate its provisions.

## **Section 7 – Criminal Charges against violating Bidders/ Contractors /Sub-contractors**

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the Vigilance Office.

## **Section 8 –Independent External Monitor(s)**

- 8.1 The Principal appoints competent and credible Independent External Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.

- 8.2 The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the CMD, BHEL.
- 8.3 The Bidder(s)/ Contractor(s) accepts that the Monitor has the right to access without restriction to all contract documentation of the Principal including that provided by the Bidder(s)/ Contractor(s). The Bidder(s)/ Contractor(s) will grant the monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his contract documentation. The same is applicable to Sub-contractor(s). The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/ Contractor(s) / Sub-contractor(s) with confidentiality.
- 8.4 The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the contract provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- 8.5 As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or heal the situation, or to take other relevant action. The Monitor can in this regard submit non-binding recommendations. 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.
- 8.6 The Monitor will submit a written report to the CMD, BHEL within 8 to 10 weeks from the date of reference or intimation to him by the Principal and, should the occasion arise, submit proposals for correcting problematic situations.
- 8.7 The CMD, BHEL shall decide the compensation to be paid to the Monitor and its terms and conditions.
- 8.8 If the Monitor has reported to the CMD, BHEL, a substantiated suspicion of an offence under relevant IPC / PC Act, and the CMD, BHEL has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the

Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.

8.9 The number of Independent External Monitor(s) shall be decided by the CMD, BHEL.

8.10 The word 'Monitor' would include both singular and plural.

### **Section 9 – Pact Duration**

9.1 This Pact begins and shall be binding on and from the submission of bid(s) by bidder(s). It expires for the Contractor 12 months after the last payment under the respective contract and for all other Bidders 6 months after the contract has been awarded.

9.2 If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified as above, unless it is discharged/ determined by the CMD, BHEL.

### **Section 10 – Other Provisions**

10.1 This agreement is subject to Indian Laws and jurisdiction shall be registered office of the Principal, i.e. New Delhi.

10.2 Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.

10.3 If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.

10.4 Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

10.5 Only those bidders/ contractors who have entered into this agreement with the Principal would be competent to participate in the bidding. In other words, entering into this agreement would be a preliminary qualification.

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For & On behalf of the Principal

For & On behalf of the Bidder/ Contractor

(Office Seal)

(Office Seal)

Place-----

Date-----

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

(Name & Address) \_\_\_\_\_

(Name & Address) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_