


INTER PLANT STANDARD – STEEL INDUSTRY		
 IPSS	TENDER EVALUATION FOR STORES & SPARES	IPSS:3-01-002-18 <i>(Second Revision)</i>
	Corresponding Indian Standard does not exist	Formerly: IPSS:3-01-002-01 (First Revision)

0. FOREWORD

This Inter Plant Standard was prepared by the Standards Committee on Materials Management, IPSS 3:1 with the active participation of representatives of Indian Steel Industry (SAIL, RINL, Tata Steel, JSPL) and also organizations (Mecon, Dastur& Co.) associated with steel industry. It was adopted in January, 2018 and aims at providing objective and step-wise guidance to the material managers in evaluation of tenders for stores and spares for achieving the goals of greater transparency and efficiency

0.1 This standard was first published in 1993. In July, 2001, the first revision of this standard was brought out in view of the changes that had taken place in the Government tax structure and terminology which were incorporated in the standard. The present revision incorporates the latest changes in the Government tax structure and terminology, post introduction of Goods & Service Tax (GST) in India since 1st July'2017.

0.2 In the event of any legal dispute related to the interpretation of any particular clauses, the provisions stated in the relevant statute or Act or Government Order, in vogue, shall be considered as authentic. This document has the status of only a reference document and not a legal document.

1. SCOPE

1.1. This Inter Plant Standard lays down the guidelines for tender evaluation by bringing the prices quoted by different tenderers to a common comparable base, considering all relevant elements. Price bid opening date shall be taken as the Base Date for purpose of evaluation.

1.2. The Standard is mandatory for SAIL. Organizations other than SAIL may adopt to suit their requirement.

2. **PROCEDURAL STEPS**

2.1. The purchaser shall prepare a comparative statement of the tenders considering the elements given in Annexure-I & II for indigenous and import cases respectively.

2.2. Deviations, if any, in the standard, will be done with the approval of HOMM of the Plant/Unit/Division, under intimation to IPSS Secretariat and CMMG, New Delhi.

ANNEXURE-I

(Clause 3)

ELEMENTS FOR EVALUATION OF INDIGENOUS TENDERS

The factors to be considered for the purpose of evaluation of Tenders are:

1. Base Price
2. Price Variation Factor
3. Discount
4. Bonus/Penalty
5. Packing Charges
6. Forwarding Charges
7. Statutory levies like GST etc
8. Input Tax Credit
9. Third Party Inspection Charges
10. Freight
11. Insurance
12. Payment Cost
13. Pattern/Development Costs etc
14. Buy Back Charges/ Discounts
15. Special Cost

EXPLANATORY NOTES:

1. BASE PRICE

The base price is the item-wise quoted price with reference to a common unit of measurement.

2. PRICE VARIATION FACTOR

- 2.1 Offers with firm price shall be preferred.
- 2.2 Offer with price variation clause (predetermined or otherwise) shall give a maximum ceiling which shall be added to the base price for evaluation. Offers without a ceiling shall be loaded with a notional ceiling of 10% (6% for material and 4% for labour). Wherever feasible, for high value items ,notional ceiling of 10% can be replaced by a ceiling based on RBI price Index for the relevant category.
- 2.3 In all cases with PVC, base date, effective dates ,norms of consumption formula, basis of cost elements and price variation ceiling as considered in evaluation shall be specified clearly in the purchase order.
- 2.4 However, if the purchaser feels that the price variation clause is necessary, the price variation formula shall be given along with the enquiry.

3. DISCOUNT

Discount wherever offered shall be incorporated at an appropriate stage of the Comparative Statement depending upon the nature of discounts, e.g. some discounts may be on the base price while others may be quantity discounts or on lump sum basis.

4. BONUS/PENALTY

Where rates of bonus and penalties on identified parameters are pre-determined and specified in the tender enquiry, the same shall be applied to arrive at evaluated price for further comparison.

5. PACKING CHARGES

Packing charges shall be taken into account as quoted, wherever applicable.

6. FORWARDING CHARGES

Forwarding Charges shall be accounted for as quoted. In case Forwarding Charges are mentioned as `EXTRA`, the highest forwarding charges received against tender or 1% whichever is higher shall be loaded.

7. GST/ EXCISE DUTY

7.1 GST shall be taken into account as applicable as per relevant HSN Code. Excise duty wherever applicable shall be taken into account as per relevant tariff head.

7.2 For MSME Units, extant rule will be applicable.

8. INPUT TAX CREDIT(ITC)

8.1 In those cases where **ITC** is applicable, such credits shall be considered for the purpose of arriving at net cost payable.

9. TAXES

9.1 Other taxes, if any, shall be taken into account at actuals as applicable. Wherever concessional Tax is applicable, the loading shall be on Concessional Rate only. The parties should be asked to indicate the applicable rate.

9.2 All the credits/set-offs (by whatever name called) available on taxes & duties shall be considered for the purpose of evaluation.

10. THIRD PARTY INSPECTION/TESTING CHARGES

Wherever offer includes Inspection charges, such charges shall be considered as per the terms of the offer while preparing the Comparative Statement.

11. FREIGHT

11.1 Freight shall be considered at actuals, wherever available.

11.2 If actual freight amount is not available, freight tables maintained by different plants and railway freight schedules shall be utilized for considering the freight rates. Alternately, the highest freight quoted by any of the tenderer from the same station/estimated freight based on the transport contract or based on market rates may be taken. Notional freight may be considered wherever required.

11.3 Appropriate tax wherever involved on freight shall be considered. In case Input Tax credit is available, the same shall also be considered.

12. INSURANCE

Insurance charges wherever applicable even if not quoted by the party shall be taken into account at rates as per prevailing insurance coverage of Individual Plants.

13. PAYMENT COSTS

13.1 The standard payment term is 100% within 30 days of receipt of material against Goods Receipt Note (GRN). This payment term or the term given in the Enquiry shall be the basis for evaluating the offers.

13.2 For payments claimed prior to the likely dates (as compared to the term indicated in the Enquiry), the interest shall be worked out on the Borrowing Rate from SBI plus 4% and for payment claimed later (as compared to enquiry), the interest rate for the purpose of bonus shall be the borrowing rate.

13.3 Letter of Credit Charges as levied by the Banks.

14. PATTERN/DEVELOPMENT COSTS ETC

In cases where Pattern/Drawing/Development costs are quoted and these costs are not identifiable to a specific item, such costs shall be loaded on Pro-rata basis to arrive at Landed Cost.

15 Any other statutory taxes/ duties / levies shall be considered with set-off wherever applicable.

16 Buy back charges / discounts will be considered for items like batteries, computers, peripherals, medical equipments, photocopy machine etc.

17 Any other cost, if applicable, may be considered.

ELEMENTS FOR EVALUATION OF FOREIGN TENDERS

Following factors shall be considered for the evaluation of tenders involving offers for import:

1. Base Price (Ex Works/ FAS/ FOB/ FCA/CFR/ CIF/CPT/Other INCO TERMS)
2. Price Variation Factor
3. Bonus and Penalty
4. Inland freight, Handling charges in suppliers country (in case of Ex-works offers)
5. Loading charges, Terminal charges (for containers) (for Ex-works/ FAS offers, wherever applicable)
6. Export Duty License Fee, if payable extra
7. Third party Inspection charges
8. Ocean/Air freight charges (for Ex-works, FAS and FOB offers)
9. Insurance charges (in case of Ex-works, FAS, FOB and CFR offers)
10. Letter of Credit (L/C) opening charges
11. Letter of Credit (L/C) confirmation charges, if payable extra
12. Interest (Add/Subtract) for usance (the period of time between the date of the bill and the payment of the bill, which is allowed by law)
13. Any other charges relating to payment against import LCs like Document Handling Charges and Stamp Charges.
14. Landing charges(Notional @1% of CIF Value)
15. Customs Duty
16. Anti-Dumping Duty
17. Stevedoring Charges

18. Handling and other Port Charges
19. Clearing and Forwarding Charges
20. Destination/ Dispatch Survey
21. Input Tax Credit on GST
22. Inland Freight

EXPLANATORY NOTES

1. BASE PRICE

For the purpose of comparing prices, all bid prices should be converted to INR. The Purchaser shall make this conversion by using the selling (exchange) rates of the previous date (RBI reference rate) of Price bidopening plus Forward Premium Rate as applicable.

2. Price Variation Clause

- 2.1 Offers with Firm Price shall be preferred.
- 2.2 If the Purchaser feels that the price variation clause is necessary, the price variation formula shall be given along with the Enquiry.

2.3 DISCOUNTS :

Discount wherever offered shall be incorporated at appropriate stage of the Comparative Statement depending upon the nature of discount e.g. some discount may be on the base price while other may be quantity discount or on lump sum basis

3. BONUS AND PENALTY

Where rates of bonus and penalties on identified parameters are pre-determined and specified in the tender enquiry, the same shall be applied to arrive at evaluated price for further comparison.

4. INLAND FREIGHT, HANDLING CHARGES IN SUPPLIERS COUNTRY (IN CASE OF EX-WORKS OFFERS)

These charges, wherever applicable, shall be included in the FOB rates. Packing & Forwarding if payable extra shall be added.

5. LOADING CHARGES (FOR EX-WORKS, FAS OFFERS, WHEREVER APPLICABLE)

These charges are generally covered in the Forwarding Agents charges. Where it is separate, the actual charges may be ascertained from the Forwarding Agents.

6. EXPORT DUTY AND LICENCE FEE, IF PAYABLE EXTRA

These charges wherever applicable, may be ascertained from the Supplier/Forwarding Agents.

7. THIRD PARTY INSPECTION CHARGES

These charges may be ascertained from the Supplier or from the Inspection Agency appointed by the buyer, as applicable.

8. OCEAN/AIR FREIGHT CHARGES, TERMINAL HANDLING CHARGES ETC.

Offers shall be obtained both on FOB and CFR basis (price evaluation will be done considering CFR Price quoted by them. Plant/ Unit will have option to place order on FOB/CFR basis)

9. INSURANCE CHARGES

Insurance charges from the suppliers' premises to the plant/ destination [are](#) to be taken into consideration.

10. LETTER OF CREDIT (L/C) CHARGES/ CAD Charges

Letter of Credit charges are the charges levied by the Bank to the buyer for establishing L/C. The rates as applicable shall be ascertained from the Bankers and loaded along with other charges relating to payment against Import L/C like Document Handling Charges and Stamp charges. In case of CAD payment, CAD charges shall be loaded.

11. LETTER OF CREDIT (L/C) CONFIRMATION CHARGES, IF PAYABLE EXTRA

Normally, Indian Banks open confirmed irrevocable Letters of Credit. However, sometimes, suppliers demand confirmation to the L/C to be added by Foreign Banks at their/Buyer's Cost. This requirement shall be considered and the charges applicable loaded accordingly.

12. PAYMENT COSTS: The standard Payment term shall be given in the enquiry. Normally standard payment term is 100% in 75 days of B/L date or alternately within 30 days of B/L date or arrival of vessel whichever is earlier with suitable loading for 45 days (buying +4%)

The calculation for reduction factor for other payment term i.e for higher credit period, offered by the tenderer shall be with reference to the above base payment terms and Steel Plant borrowing rate of Interest.

The calculation for loading factor for other payment term i.e for lower credit period, offered by the tenderer & acceptable to buyer, shall be with reference to the above base payment terms and Steel Plant borrowing rate of Interest +4%.

13. **CUSTOMS DUTY**

Rate of Basic duty, IGST etc. after considering relevant exemptions shall ascertained to calculate the applicable rate of duty.

14. **ANTI-DUMPING DUTY**

Anti-dumping duty or any other duty, if applicable, shall be taken into consideration.

15. **STEVEDORING CHARGES**

Stevedoring charges are the charges relating to loading and unloading of consignment on the ship. These charges, wherever applicable, may be ascertained from the clearing and forwarding agents or concerned agencies.

16. **HANDLING AND OTHER PORT CHARGES**

Handling and other Port Charges as applicable shall be ascertained.

17. **CLEARING AND FORWARDING CHARGES**

Clearing and Forwarding charges, as applicable shall be ascertained.

18. **DESTINATION/DESPATCH SURVEY**

Wherever applicable, shall be considered at actuals.

19. **ADDITIONAL DUTIES CREDIT**

Wherever additional duties, credit is available as per Govt. Notifications, the same shall be considered while calculating the Net Cost. (Landed Cost Net of Input Tax Credit)

20. **INLAND FREIGHT**

It shall be applied in the manner described in Annexure-I.

21. Any Other statutory taxes/ duties /levies shall be considered.

22. Wherever applicable ICD (Inland Container Depot) charges ascertained from liner/ ICD/ Transport & Shipping deptt. shall be considered from the gateway port to relevant ICD Place.