



उ० प्र० राज्य विद्युत उत्पादन निगम लि०

14 - अशोक मार्ग, शक्ति भवन, लखनऊ - 226001

U.P. RAJYA VIDYUT UTPADAN NIGAM LTD

14- ASHOK MARG, SHAKTI BHAWAN, LUCKNOW-226001

No-168/ UNL/Reforms/Purchase Reforms/2010-11

Dated July 30/31, 2010

OFFICE MEMORENDUM

With the objective of bringing about proficiency in procurement of material through standardization and quality control erstwhile UPSEB, vide O.M. No. 742-K/SEB-XIV dated 21st December 1981, had ordered that all the material and spare purchases thence on shall be carried out centrally through Central Procurement Circles at each TPS essentially. In case of emergencies, only when these circles/units were not in a position to meet the tight time schedule requirement, a relaxation was provided in form of allowing procurement directly by the user divisions with the permission of the Plant Head.

2- It has been observed that this relaxation is not being used in the same spirit and a number of items are being procured by the user divisions directly in the name of emergency. This frequent purchase by user divisions results in diversion of their attention from their basic function of maintenance, affecting the plant performance and thus defeating the very purpose of providing the above mentioned relaxation.

3- In light of the above, following guideline procedure is hereby ordered for procurement of material and spares:

- (1) All material and spare purchases shall be carried out through Central Procurement Unit/Circles only at each TPS, after this order coming into force, These units shall function directly under the control of the Plant Head.
- (2) a) All the user units/divisions shall submit their, annual or otherwise, material and spare requirement, well in advance, indicating the requirement schedule along with consumption pattern for last 3 years to the above procurement unit/circles after getting that requirement approved from their respective circles and concerning O&M Head. These requirements shall also detail their schedule, complete technical specifications, drawings (where ever necessary) along with the part no. and the name of the OEM (where ever applicable and possible).
b) Stores shall inform their balanced to the above procurement units/circles in order to ensure minimum stock balance of different type of materials in store considering the procurement time.
- (3) The TPS procurement units shall then compile the above requirements and depending on the requirement schedule, quantity available in stores versus material/spare requirement and the procurement lead time, club similar type of materials - though having different

specifications, under single tender document to cut down the procurement time and avail the benefit of scale.

- (4) Different material wise **Specification Committees** shall be constituted by the concerning Plant Heads for Standardization of specifications and other related issues for all kinds of material to be purchased at the TPS. Some of the issues these committees shall look into are detailed as follows:
- a) Packages to be prepared for similar material - though with different specifications, taking into account the requirement schedule, lead procurement time and economic order quantity.
 - b) In case where the requirement schedule is very tight, the above committee shall recommend the tenders to be covered under short term tender process.
 - c) The committee shall look into the technical/commercial specifications of the items to be procured under different tenders and shall standardize them. This committee shall also recommend short listing of items to be purchased on single offer/limited quotations basis, categorized in the following broad categories:
 - Purchases from OEM or their authorized dealers.
 - Purchases from reputed firms for their standard products of proven performance.
 - Purchases on the basis of recommendations from the OEM.
 - Any other category as specified by the committee.
 - d) The committee should decide which procurement shall be carried out through e-tendering and which through normal tendering process, keeping in view the Nigam orders as issued from time to time, and the specifications shall be prepared accordingly.
 - e) The committee shall also see the following before considering the purchase request received from the user divisions:
 - Administrative approvals are attached with the purchase requests.
 - Provision in the O&M budget of the concerning financial unit
 - f) Legal and commercial issues, including pre-qualifying conditions, shall also be standardized and shall be vetted by the Plant Accounts Wing.
 - g) The procurement circle shall then submit these consolidated complete specifications to the Plant Head for his approval, along with a procurement process time schedule against the tender under question. The Plant Head shall approve this specification and time schedule. A copy of this approved specification and time schedule shall then be forwarded to the Director (Technical) and CGM (F&A) at Corporate Office.
 - h) The Corporate Office shall provide their comments, if any, on these specifications within a weeks' time. If the comments from the Corporate Office are not received by the Plant within this period it shall be deemed that they have no comments to offer. Any comments or deficiency found further to this, responsibility of the same shall lie with the Corporate Office. In technical matters, responsibility shall be of the Technical Wing and in respect of legal and commercial matters it shall be the responsibility of the F&A wing.
 - i) The Plant Procurement Unit/Circle shall incorporate the comments from the Corporate Office, if any.
 - j) The constitution of the above committees to be constituted by the Plant Head for the above purpose, separately for different nature of items, shall be as follows:

Concerning O&M Head	President
Representative SE/EE of the user unit	Technical Member



Representative SE/EE of the procurement unit Member Convener

Representative Dy.CAO/SAO/AO Accounts Finance Member

Note 1- Superintending Engineer shall be the member of the committee in case of large power stations viz. Anpara, Obra and Parichha , and Executive Engineer in case of small plants viz. Panki and Harduaganj.

Note 2- This committee shall finalize the specifications within 3 weeks time of its initiation by the procurement unit/circle and within 4 weeks of the user request.

Note 3- In cases pertaining to non-maintenance units, the concerning Functional Head shall be the President and the equivalent of SE and EE of the users unit shall be the Technical Member.

Note 4- It shall be the joint responsibility of the Technical Member and the procurement unit to ensure that the technical specifications are complete in all respect and all the relevant details of the item have been incorporated.

Note 5- The Financial Member along with the procurement unit shall be jointly responsible for all the legal and commercial terms of purchase in terms of the existing orders of Nigam.

Note 6- The Pre Qualifying conditions will be the joint responsibility of all the members of the committee.

Note 7- All other matters like constitution of tender packages, recommendations for single quote purchases as covered under para 3 (4)(c); tendering process adopted, etc. shall be the joint responsibility of all the committee members

(5) The specifications shall now be ready for publication/e-tendering process. The tender notice along with the specification shall have to be essentially displayed on the Nigam Website. Other processes shall be carried out as per existing norms. Only the downloaded versions of the Nigam tender notice and specification shall be treated as official and shall have to be essentially displayed at the time of tender evaluation and decision thereafter.

Note- It shall be the exclusive responsibility of the Member from the Accounts Wing in the tender committee to ensure that the above instructions are complied with before the finalization of the tender.

(6) **Tender Committees and their powers:** The constitution of the purchase committees and their powers at the TPS shall remain the same as presently in vogue, till further orders, i.e. TPS Head level, Chief Engineer L-2 level (where Chief Engineer L-1 is the TPS Head) and Superintending Engineer level committees shall be constituted as being done presently.

Note: The technical member of the committee shall be responsible for correctness of the technical evaluation and the financial member of the committee shall be responsible for correctness of the financial evaluation. Both shall be jointly responsible for the rate justification. The overall recommendation shall, however, be a collective responsibility with maximum responsibility lying with the President of the committee.

(7) **Emergency Provisions:** In the event of an absolute necessity and only in case of emergencies, subject to a maximum of Rs. 10 lacs, only after obtaining an inability certificate from the Plant Procurement Wing, user maintenance circles shall prepare a case for direct procurement giving sufficient reasons for the above and obtain approval from Director (Technical) for the said purchase. These cases shall be processed by the concerning circle and submitted to the concerning committee as detailed at para 4(6) above for their consideration. All processes of Administrative and Financial approval shall apply. A

utilization statement in this respect shall be mandatory to be submitted to the Director (Technical) before closure of the purchase process. Director (Technical) may from time to time provide a consolidated view of such purchases to the Managing Director.

(8) **Quality Assurance:** The material shall be inspected for pre-dispatch inspection at manufacturers/suppliers premises, in stages as specified in the order, through the following committees:

- At least one Executive Member from the users units.
- One Executive Member from the Stores unit.
- At least one Executive Member from the Corporate Office, in consultation with Director (Technical), in case of high value or crucial item purchases.

Note: In case of appointment of third party inspections, which shall be specified by the Corporate Office when the specification is sent for its comments as per para 3 (4) (g) above, instructions will have to be issued by the Corporate Office if any action has to be taken by the plant through the above inspection team at plant level. Copy of all inspection reports shall also be sent to the Director (Technical) at the Corporate Office.

(9) **Consignee:** All the material so received shall be consigned only to the Central Stores of the TPS. On receipt of the material at the TPS gate, CISF shall inform the stores of the arrival and it shall then be jointly escorted by representative of the CISF and the Stores to the respective stores site, where the consignment shall be opened and inspected in the presence of a committee constituted by the respective Plant Heads, which shall be as follows:

- One Executive nominee from the stores,
- At least one Executive nominee from the user unit
- One Executive nominee from the purchase unit.
- One representative of Plant CISF.

This committee shall ensure the quantity and quality of the material received at stores. The stores shall start preparing a separate receipt shed at each plant for this purpose. The Plant Head shall decide the size and location of the shed on pattern of NTPC, keeping it as close as possible to the Store CISF gate. This shed shall be under the exclusive control of a section holder from the stores unit.

(10) **Long term spares:** Process of procurement for long term delivery spares, including spares and material required for overhauling of units, should be started well-in-advance keeping the expected lead time in-consideration. Requirement of such spares/material shall be intimated to the procurement wings, as per process above, by the respective user units, keeping in view the lead procurement time of such items, so as to ensure their availability by the time the overhauling is scheduled. The overhauling spares/material should be stored and accounted separately.

(11) **Personnel Requirement:** While ordering for central procurement units at each TPS, the manpower requirement was already taken into consideration, But if this manpower requirement is not seen as sufficient, the TPS Heads shall manage the same from within the available strength of officers and staff, since it is expected that this process would relieve most of the officers from the routine purchases function and the TPS would be able to strengthen the Central Procurement Unit from the available manpower.

(12) **Performance Evaluation:**



- a) For Specification Committees: The number of such specifications finalized and average time taken in finalization of specifications shall be a criteria for annual performance assessment of the committee members.
- b) For Procurement Unit members: Adherence to the prescribed time schedules, as approved while seeking approval of the specifications, shall be the criteria for their annual performance assessment.
- c) Quality Assurance members: The performance of the material received and the level of user satisfaction shall be a criteria for their annual performance assessment.

All the above personnel shall provide data in their support in their annual appraisal forms essentially, regarding their area of functioning. Failure to provide this data could result in under assessment.

- 4- **Display of orders on Nigam website:** With the objective of making the information available to all executives of the Nigam for bringing about uniformity in the rates across the plants, it shall be essential to display each Purchase Order on Nigam website, whether placed by the procurement unit or the user circles. Arrangement for this facility on the Nigam Website shall be made by the PRAGATI unit. This portion at the website shall be operated and administered with the help of passwords allotted to the procurement units. Downloaded orders only shall be treated as valid for payment purposes, ensuring which shall be the duty of concerned F&A unit.
- 5- The material purchases through any kind of imprests (permanent or temporary) shall not be covered under the above process.
- 6- All other methodology, policies and process for procurement, stocking, issuance, measurement and payments shall be maintained as applicable at the time of issuance of order, or as modified from time to time.
- 7- These orders shall come into effect from 1st September, 2010. After this date any violation of these orders shall be treated as a financial irregularity for all purposes.


(Alok Tandon)

Chairman and Managing Director

No. -UNL/Reform/Purchase Reforms/2010-11

Dated July , 2010

Copy forwarded to the following for information & necessary action:-

- 1- PS to Chairman and Managing Director, UNL, Lucknow.
- 2- Director (Technical/Finance/Personnel), UNL, Lucknow.
- 3- All Chief Engineers with the remark that they should circulate this order amongst all executives-technical and others.
- 4- CGM (Finance)/GM(Audit & Accounts), UNL, Lucknow.
- 5- Chief Manager (Cash Management), UNL, Lucknow.
- 6- Chief Project Manager "PRAGATI".
- 7- DGM (HR-05), UNL, Lucknow.



(Manoj Saxena)
Executive Engineer (Reform)