

Annexure-c

Most Immediate

F.No.17/10/2009-FT(ST)
Government of India
Ministry of Commerce & Industry
Department of Commerce

Udyog Bhawan, New Delhi
Dated the 13th July 2010

21/7

OFFICE MEMORANDUM

Subject : Guidelines for Import of Rice on Government account

The undersigned is directed to forward herewith a copy of the Guidelines for import of rice on government account by Indian PSUs. These Guidelines issue with the approval of Competent Authority and come into force with immediate effect.

Encl. as above.

[Signature]
21/7/10
(Aditi Das Rout)
Director
2306 3434

[Signature]
JS (I-260) 21/7

1. Shri PK Basu, Secretary, Department of Agriculture, Krishi Bhavan, New Delhi
2. Ms. Alka Sirohi, Secretary, Department of Food and Public Distribution
3. Shri Ashok Chawla, Finance Secretary, North Block
4. Ms. Sushama Nath, Secretary, Department of Expenditure
5. Shri Sunil Mitra, Department of Revenue,
6. Shri Rajiv Agarwal, Secretary, Department of Consumer Affairs
7. R.B. Sinha, Director General, Office of C&AG, 9, Deen Dayal Upadhyay Marg, ND
8. DGFT, Udyog Bhawan, New Delhi
9. Shri KS Ramasubban, Secretary, Central Vigilance Commission, Starkata Bhawan
10. CMD, MMTC, New Delhi
11. CMD, STC, New Delhi
12. CMD, PEC, New Delhi.

Copy to : Shri Dinesh Arora, Under Secretary, Cabinet Sectt.

Copy also to : PPS to CS/PPS to AS(PKC)

Sh. DS
21/7/10

[Signature]

25/7/10
A part up to the
concerned file

pl study them and keep in our
files and over record.
Send a copy to CMD, REC no. 220710

21/7/10
50/4

F.No.17/10/2009-FT(ST)
Government of India
Ministry of Commerce & Industry
Department of Commerce,

Udyog Bhawan, New Delhi
Dated the 21st July, 2010

Subject : PROCEDURE FOR IMPORT OF RICE ON GOVERNMENT ACCOUNT

- (1). The objective of drafting procedures for import of rice is to purchase rice as may be decided by Government from the international market at most economical price based on assessment of prevailing international price keeping in view fundamental principles of public buying.
- (2). In the recent past, wheat was imported on Government account by STC, MMTC and PEC. The PSUs were intimated the quantity to be imported and maximum quantities port-wise per month by Department of Food & Public Distribution based on which tenders were invited. Commodity markets are generally volatile in nature. Tenders floated for large quantities of wheat may have hiked up prices in the international market.
- (3). Procurement of smaller quantities at regular intervals, a method followed by countries like Egypt and Japan, is likely to result in lower cost of imports. Further, buying small quantities (upto 2 lakh tonnes) regularly would stagger the arrivals and reduce the congestion in the Indian ports. Accordingly, in the case of wheat, the principle of purchase of small quantities at regular intervals was laid down which provided for purchase of wheat from the international market at regular intervals in situations of shortages in the domestic market. The procedure will permit calling quotations at short notice from pre-qualified suppliers and deciding on the tenders and placing orders in about 48 hours to avoid speculation. This procedure is to be adopted in the case of import of rice also.

(4). **PROCEDURE**

01. The PSUs authorised to import of rice will enlist global suppliers of rice after fixing suitable criteria (as at Annexure I) so that leading/reputed producers/traders who have previous experience in exports and financial capabilities participate in the bidding process. This will be ensured by inserting suitable advertisements in the newspapers and by posting detailed criteria for empanelment on the PSU's website and on the site tender.gov.nic.in (Government Tender Website). Such producers/traders who fulfill the criteria laid down will be registered with the PSU. All relevant information pertaining to the registration and procurement process shall be displayed on the PSUs website. This shall include:

- List of registered suppliers, along with date of registration and other brief details;
- Details of deletion of suppliers (with reasons in brief) from the list of registered suppliers as given below;
- Tenders awarded, with details of prices, quantities, suppliers, timeframe for delivery and specified ports of discharge, receipt of quantities against contracts placed.

All the above details should, invariably, be updated on a weekly basis.

02. On receipt of schedule of import from the Ministry of Consumer Affairs, Food & Public Distribution (fortnightly/monthly/quarterly), tenders will be issued by electronically secured system to all registered suppliers. Registration will be an ongoing process. Any supplier can request for registration at any time. However, the process of registration has to be completed before such suppliers are allowed to participate in the bids. The performance of suppliers shall be periodically reviewed keeping in view the requirements of para 142(IV) of GFR and those not performing satisfactorily shall be deleted from the list by the PSU in consultation with Purchase Committee. The suppliers have to be registered for a fixed period of 2 years and at the end of this period the registered supplier who wishes to continue with the registration should apply afresh for renewal of the registration.

03. Request for tenders in specified format will generally mention shipload quantities for each port of discharge. The suppliers shall specify maximum quantity offered and price (C&F, FO) for each port of discharge in tender bids. Tender will clearly stipulate that buyer

is free to buy the quantity in multiple lots. Total quantity of purchase will be indicated in the tender.

04. The bids shall normally be invited on weekly/fortnightly basis keeping in view the overall quantity guidelines given by the Government. The tenders will be invited in a way that it does not encourage speculative activity by the supplier on exchanges leading to higher prices. As far as possible, the tender may be issued every Wednesday and closed in about two days. The suppliers may quote through the electronically secured system/in physical format by way of sealed bids if the secured electronic system is not functioning. The sanctity of the tender procedure shall be ensured by the PSU in electronic or physical format. In case of online receipt of tenders, the e-portal should be compliant with IT Act, 2000 on information security.

05. GM (Marketing), GM (Finance) & GM (Internal Audit) of the PSUs and the Inter-Ministerial Technical Committee constituted by the Department of Food and Public Distribution with the Dy. Director (Quality Control), Department of Food & PD, GM (Quality Control), FCI, Asstt. Director (PFA), Ministry of Health & Family Welfare and Dy. Director (Ent.), Department of Agri & Cooperation as members shall constitute the Tender Opening Committee to oversee the process of tender opening. Tender will be opened at the pre-appointed time/date/place in the presence of those suppliers who are present. The suppliers/their authorised representatives participating in tender will be allowed to be present.

06. The Tender Opening Committee shall determine whether a particular bid is techno-commercially responsive or non responsive and prepare a Comparative Statement of the techno-commercially responsive bids which will be put up to the PSU management. The decision on import price will have to be benchmarked against the comparable prices prevailing at the time of purchase in the internationally reputed commodity exchanges such as CBOT, Kansas City Board of Trade, LIFFE etc. As subsequent price fluctuations cannot be predicted, the decision to import and the price reasonability cannot be linked to such future fluctuations in prices. However, PSU shall try to ensure that purchases are made of the quantity authorized and within the timeframe mandated at the prevailing international prices.

07. The CMD of the PSU will forward its recommendations to the Purchase Committee constituted by the Government and empowered to take decisions on acceptance of tenders

recommended for approval by the PSU. The Purchase Committee for the present may consist of AS&FA from the Department of Food & Public Distribution, the CMD of the PSU, Joint Secretaries (or equivalent) from the Departments of Food & Public Distribution and Commerce and an Executive Director from FCI. The Government may reconstitute the Purchase Committee in future. Taking into account all the relevant information, the PSU will make commercial recommendations to the Purchase Committee with respect to quantity, price, delivery schedule, terms of payment, etc. for import, keeping in mind prices as well as availability of the commodity in the overseas markets. The Purchase Committee shall decide on the purchase based on available offers and prices prevailing in the international market. The CMD of the PSU shall immediately thereafter submit the information on the purchases made to the Department of Commerce, Department of Food & Public Distribution and Cabinet Secretariat.

08. The PSUs will continue to buy rice on an ongoing basis within the overall quantity indicated by the Government, keeping in view the dynamics of the international market. The quantity so purchased will be within the quarterly / semi-annual ceiling indicated by the Department of Food & Public Distribution.

09. Government may set up an Oversight Committee to oversee the buying operations so that the Purchase Committee receives necessary guidelines from them. Oversight Committee shall comprise of Additional Secretary (ST), DOC, Joint Secretary, DFPD, Director (Finance), DOC and CMD of PSU. The CMD of the PSU will submit a report along with the decisions of the Purchase Committee to the Oversight Committee every month. The Oversight Committee will review, inter alia, the process of pre-qualification and registration of suppliers, the tender document, procedure, evaluation of tenders, propriety and objectivity of purchases made vis-a-vis these guidelines and advise the PSU on corrective action to be taken within the ambit of these guidelines for subsequent purchases.

10. PSU nominated by the Government for importing rice on Government account, will take appropriate hedging positions as advised by the Empowered Committee constituted by the Ministry of Finance.

11. Broad guidelines for such procurements will be :

- PSU will issue the tender to Pre-qualified (PQ) suppliers by e-mail/Fax.
- Tenders will close within a short span of time of about 2 days depending upon the market conditions.
- Pre-qualified suppliers will submit one time EMD of appropriate value as decided by the PSU by way of BG/DD to the PSU in advance as per terms of registration.
- The PSU will finalise placement of orders at the earliest preferably within two days after the date of closure of tender and within the validity of the offers as per tender terms.
- The successful suppliers will submit Performance Bank Guarantee of 5% of the contract value.

12. Contract should normally be awarded to techno commercially responsive L-1 supplier. However, in the event of L-1 supplier not quoting for the full quantity required, the following procedure shall be followed:-

Techno-commercially responsive L-1 supplier will be awarded the contract for the quantity they have offered at the price quoted by them without further negotiations. The L-1 supplier will be given the first option of enhancing the quantity, if quantity sought to be procured is not covered by their offer. In case L-1 supplier does not cover the total required quantity at the L-1 price, the techno commercially responsive L-2 supplier(s) shall be asked to match the L-1 price for the remaining quantity. If L-2 supplier(s) matches the price of L-1, the leftover quantity shall be awarded in full/to the extent of their offer to L-2 supplier(s) at L-1 price and purchase shall be closed. No further negotiation shall be held with L-3 or and other supplier.

13. In order to achieve transparency, the process outlined in para 12, will be made part of the tender document.

EXPRESSION OF INTEREST

PSU invites applications for empanelment/registration as pre-qualified suppliers from well established suppliers, producers, and traders of imported rice. Interested parties can submit their application expressing their interest for empanelment with PSU for supply of imported rice.

Eligibility criteria for empanelment of suppliers shall be as below:-

1. Should have exported minimum 0.50 million MT of rice in bulk to India or other countries during the last three calendar years.
2. Suppliers must have sound financial background with minimum turnover of Rs.200 Crore (US\$ 50.00 Million) in any of the last three years and should submit Solvency Certificate from their bankers along with copies of Income Tax Returns and Balance Sheets for the last three years.
3. Supplier shall have performed satisfactorily against earlier tenders issued/contracts, if any, awarded by Indian PSUs i.e. MMTC/STC/PEC.
4. Supplier shall supply rice as per the Specifications prescribed by GOI as mentioned in the tender. PSU reserves the right to accept or reject any/all applications and cancel the EOI process any time. PSU shall neither be liable for any such action nor be under any obligation to inform the applicant, the ground for the same. Successful applicants whose application are accepted by PSU for empanelment will be required to submit one time EMD of USD 1.00 million by way of BG(as per PSU's proforma)/Demand Draft within 7 days from the date of communication to the applicant for final empanelment. Only such applicants who submit EMD in time shall be finally empanelled.
5. The import shall be on C&F FO basis in bulk in any specified port of India.
6. PSU may at any time, at its sole discretion, de-register a supplier from empanelment in case their performance is not found to be satisfactory.
7. Registration shall be valid for one year from the date of Registration and it can be further renewed/ extended at the sole discretion of PSU subject to fulfillment of conditions for registration applicable at the time of such renewal/extension.
8. The details of contracts of similar size or higher size entered into and executed by the suppliers in the current year and previous year shall be furnished.
9. Interested suppliers to submit their "EXPRESSION OF INTEREST" (EOI) furnishing following information:-

- i. Full Name, Postal Address, e-mail, Telephone No., Fax No. of the supplier.
- ii. Typical specification of the material that is proposed to be offered.
- iii. Constitution of the supplier (supported by documents)
- iv. Date of the Incorporation.
- v. Name and address of the members of Board of Directors.
- vi. Total Capital: a) Issued b) Paid up.
- vii. Full Name, Postal Address, E-mail, Telephone No. Fax No. of the Local Representative.
- viii. Net worth of the supplier.
- ix. Quantum of Credit facilities enjoyed.
- x. Name of Bankers with complete address.
- xi. Turnover (during the last three years) supported by documents as per detail below:-
 - A) Total of the Company.
 - B) In Rice Trade, Domestic & Export, Quantity and Value.
 - C) Total of the holding company (if a subsidiary).
- xii. Experience in Grains trade (Give full details as Trader/Broker)
- xiii. Dealings with PSU in any other commodities or with other Government organizations in India.
- xiv. Detailed information of the Holding Company, if the supplier is a subsidiary company.
- xv. Audited Balance Sheet for the last three years.
- xvi. Name of professional bodies/commodity exchanges of which member.
- xvii. Other information of interest.