

Vendor Development Policy – Revision I

(Sept'10)

I. Objective:

- I. During the conclave held by CBIP jointly with CEA & MOP at Delhi, a view was taken to develop new vendors considering the limited manufacturing capacity of various items to meet with the target of generation capacity addition and their evacuation for projects planned during 11th Five Year Plan (2007-12). The Vendor development policy of July'07 is reviewed in June'10 and amended accordingly to facilitate effective implementation.
- II. It is also need of the time that new products which were so far not tried in the system, be also tried after observing all necessary precautions and seeking permissions from competent R & D Institution by way of NOC if required.

In order to encourage new vendors, a policy is required to be framed which qualifies them to participate in our tender but at the same time safeguards our interests.

II. Applicability:

There are numbers of vendors who are ready to develop and manufacture equipment and to introduce in the system which they will be manufacturing for the first time.

- i) Who has not produced equipment / system earlier of same rating and specification, but prepared to develop by creating manufacturing facilities and carry out type tests as referred in the policy.
- ii) The policy also encourages those new vendors, who have manufactured, type tested the product and meeting our specification but do not have adequate operating experience of product / system to meet tender requirements. Such new vendors shall be permitted as per this policy.

- iii) The policy also cover new products so far not used in the GETCO system and introduced for the first time and can be used to facilitate system by way of improvement in performance, data recording, retrieving and monitoring, technical up gradation, ease of operation and so forth.

The scheme is of mutual benefit of vendors & GETCO. Any difference / disagreement arising out of this cause shall be resolved by MD GETCO and shall be binding to all.

III. Policy:

Part A: Development of the new vendor for products already in regular use in the system

- i) The vendor registration fee is payable when Vendor agrees to abide by all guidelines of the Vendor development policy and GETCO agree to consider the proposal under vendor development policy. The amount of registration fee shall be as per the norms of vendor registration.

This initially paid fee is to be considered as vendor registration fee valid for period of five years from the date of payment once the equipment is commissioned satisfactorily.

While accepting the initial registration fee, the factory inspection will be carried out as usual; however criteria such as requirement of Type test, Performance certificate and list of past orders executed shall not be insisted / imposed like for regular vendor registration.

- ii) After completion of all procedure as at (i) above, new vendors could be allowed to manufacture proto-type equipment as per GETCO tender specification.
- iii) System / Equipment proposed shall meet the technical requirement of specified drawings, guaranteed technical particulars, manufacturing quality plan and also have successfully completed type tests as per tender specifications at third party NABL approved laboratories.
- iv) Supply, erection and commissioning of equipment in the transmission system shall be at the location selected by GETCO.
- v) New vendor supplying equipment shall have to arrange loading, unloading, insurance, transportation, erection, testing & commissioning of equipment at no extra cost to GETCO.

- vi) The equipment after successful commissioning shall be under observation for its satisfactory operational performance for a period of one year.

The period of one year is proposed so as to monitor and establish its performance for all loading conditions during different seasons. For this, condition monitoring is to be carried out by the vendor at their cost.

- vii) In the event of failure of the product within one year of performance period or during the performance guarantee period (stipulated in relevant tender document), the payment already made to the vendor shall be recovered from the BG/PBG and other privileges offered under the scheme shall automatically cease and the equipment shall be returned to the supplier on 'As is where is' condition. The initially accepted registration fees will be forfeited and registration will be treated as void.

- viii) Once equipment is successfully commissioned the vendor shall be eligible to participate in GETCO tender as New-1 after satisfactory performance of equipment for first six months.

The vendor shall be eligible to participate in GETCO tender as New-2 after one year of satisfactory performance of equipment.

The vendor shall be eligible to participate in GETCO tender as regular thereafter.

- ix) The price payable for the equipment shall be that of last purchase price of conventional equipment only or quoted price of the firm which ever is lower and no price hike or price escalation in any form shall be allowed even if the equipment offered under vendor development policy is having additional features / improved technology / better material substitution etc.

For item subjected to price variation clause, the upper ceiling shall be fixed by GETCO and reduction in price if any due to price variation shall be passed on to GETCO by the Vendor.

After satisfactory performance of the product for six months, before availing the first 50% of payment, the vendor shall have to submit Bank Guarantee of 100% of A/T value. Balance 50% payment is payable after its total one year of satisfactory operational service. The PBG requirement is to be fulfilled as per standard clause applicable for regular A/T.

- x) The price payable to such new vendor shall be firm and pre-determined in advance before granting permission for supply.

However for new product proposed to be introduced for first time in GETCO system, the cost shall be based on factual and convincing data and GETCO has the discretion to accept or reject as explained below,

Part B: Introducing the new product (developed by regular or new vendor) not prevailing in the system.

All the provisions of Part A) shall be applicable to Vendors intending to introduce their new product(s) in GETCO system besides followings:

- i) In case the product is newly developed and patented, details of the patent and product should be submitted to the satisfaction of corporation.
- ii) In case the product is already tried in any other state utility/Private company or any other country, details of the contract/ PO, Performance reports from actual user together with price in INR/ foreign currency and period of supply and such other information's as required by GETCO should be furnished.
- iii) In absence of base price as above, details such as material cost, processing cost, manufacturing cost, testing and other special costs up to the development of the prototype product and relevant details should be furnished to arrive at the mutually agreeable price for first time use of such product in the system.
- iv) In case the details as at ii) and iii) above are not available, the price of such new product shall be arrived at by considering similar product or its substitution or the quantifiable gain likely from the use of such product. Such pricing shall be worked out jointly and shall be exclusive of Infrastructure cost incurred by the vendor towards development of the product.

The above policy name as Vendor Development Policy – Revision I (Sept'10) replaces the earlier Vendor Development Policy (July'07).