

No.23011/8/2012-MPR  
Government of India  
Ministry of Chemicals and Fertilizers  
Department of Fertilizers

Shastri Bhawan, New Delhi  
Dated the 8<sup>th</sup> March, 2013

### **OFFICE MEMORANDUM**

The Ministry of Chemicals and Fertilizers, Department of Fertilizers intends to assign a study to a suitable consultant to assess the impact of Nutrient Based Subsidy (NBS) Policy on Phosphatic and Potassic (P&K) Fertilizers and to make suggestions for improvement and recommend the most appropriate and effective mechanism including administrative methodology of the Policy to the Department of Fertilizers. The last date of submission of bids is 1.4.2013 (upto 2.30 PM) and date of opening of technical bids is 2.4.2013. There will be a **pre-bid meeting in the Conference Room (Room No.220-A Wing), Shastri Bhawan, New Delhi on 22.3.2013 at 3.00 P.M.**

The details regarding the eligibility, scope of work, terms and conditions of the tender, the manner of submission of tender, whom to submit the tender, selection procedure etc., **may please be seen from the attachment.**

If you are interested to participate in the tender, you are requested to please go through the attached tender and submit the tender as per the terms and conditions of the tender.

If you have any clarification on the tender kindly feel free to contact Under Secretary (MPR) over telephone 011-23387492 or through email: [pb.sahu@nic.in](mailto:pb.sahu@nic.in)

(P.B. Sahu)  
Under Secretary to the Government of India

Government of India  
Ministry of Chemicals and Fertilizers  
Department of Fertilizers  
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Shastri Bhavan, New Delhi  
Dated the 8<sup>th</sup> March, 2013

**TENDER DOCUMENT  
FOR**

Carrying out a study on the Nutrient Based Subsidy Policy on P&K fertilizers as per the scope of work outlined in Annexure-I

**Date of Issue (T) :**

**Last Date & Time of Submission: 1.4.2013 (Upto 14:30 Hrs)**

**Date of opening of Technical Bids: 2.4.2013 (Upto 15.00 Hrs)**

The Ministry of Chemicals and Fertilizers, Department of Fertilizers intends to assign a study to a suitable consultant to assess the impact of Nutrient Based Subsidy (NBS) Policy on Phosphatic and Potassic (P&K) Fertilizers and to make suggestions for improvement and recommend the most appropriate and effective mechanism including administrative methodology of the Policy to the Department of Fertilizers as per the scope of work and terms and conditions given in the enclosed **Annexure-I**. It is hereby requested to submit bids in the following format.

1. COVER-A containing **EARNEST MONEY** should be sealed in a separate envelope subscribing "**Earnest Money**"
2. COVER-B containing **TECHNICAL BID** should be sealed in a separate envelope subscribing "**Technical Bid**".
3. COVER C containing **FINANCIAL BID** should be sealed in a separate envelope subscribing "**Financial Bid**".

Earnest Money, Technical and Commercial Bid envelopes should be enclosed and sealed in separate envelope and addressed to Under Secretary (MPR), Department of Fertilizers, Shastri Bhawan, New Delhi so as to reach on or before 1.4.2013 by 14:30 Hrs. Bids received after the due date/time and any other place shall not be considered and would be liable to be rejected without assigning any reason whatsoever. Dept. of Fertilizer shall not be responsible for late receipt of the Bid submitted from any Bidder.

If you require any clarification, kindly do not hesitate to email your queries to: [pb.sahu@nic.in](mailto:pb.sahu@nic.in)

(P. B. Sahu)  
Under Secretary to the Govt. of India  
Telefax: 011-23387492

**Scope of Work and Terms & Conditions**  
(Reference no. NBS/2013 - Fin.Adv/RFQ)

**1.0 PREAMBLE & OBJECTIVE**

- 1.1 The Department of Fertilizers, Government of India provides subsidy on fertilizers for making available fertilizers at subsidized prices. Presently, Government provides subsidy on Urea and 21 grades of Phosphatic and Potassic (P&K) fertilizers.
- 1.2 The manufacturing, distribution and pricing of fertilizers is under the administrative control of the Department of Fertilizers.
- 1.3 With a view to make available fertilizers at affordable prices, encourage investment in the fertilizer sector, balanced fertilization of soil, to reduce subsidy implications etc., the Government has been reviewing its subsidy policy and has implemented different subsidy policy at different point of time. Presently, subsidy on Urea is provided under New Pricing Scheme (NPS)-III and subsidy on P&K fertilizers is provided under Nutrient Based Subsidy (NBS) Policy.
- 1.4 Under the NPS-III, the difference in the delivered cost and Government notified Maximum Retail Price (MRP) is paid as subsidy by the Government.
- 1.5 Nutrient Based Subsidy (NBS) Policy for P&K fertilizers have been implemented w.e.f. 1.4.2010. Under this policy, a fixed amount of subsidy, decided on annual basis, is provided on each grade of subsidized fertilizer depending on its nutrient content. The fertilizer companies are allowed to fix MRP of fertilizers at reasonable level.
- 1.6 In order to examine efficacy of the NBS Policy for P&K fertilizers implemented w.e.f 1.4.2010, the Department of Fertilizers wishes to carry out a study of the NBS policy.
- 1.7 The Department intends to appoint a reputed and experienced Consultant/ Financial Advisor well versed with the fertilizer subsidy regime and pricing mechanism as prevailing in India. The Consultant should be able to bring out future outlook for the same and should have exposure to similar such issues and study of pricing mechanism in other countries.
- 1.8 The Consultant would be required to obtain, evaluate, analyze data & information from various sources and prepare a detailed critique of the policy, make suggestions for improvement and recommend the most appropriate and effective mechanism including administrative methodology to DOF.

**2.0 ELIGIBILITY CRITERIA**

The Service provider should fulfil the following minimum criteria for pre-qualification:

- 2.1 The service provider should be a registered/accredited company in India for providing services as mentioned in this document for a period not less than 5 years. Research and Consultancy firm in Public Sector, IIMs/Management Institute of repute are also eligible.
- 2.2 Should have good financial standing and capability to execute the work diligently. Bidder should have made profits in the last three financial years and should have average annual turnover not less than **Rs. 100 crore** during last three years. Bidder shall furnish past three years audited Balance Sheets. This shall not apply to research and consultancy firms in Public Sector or the IIMs/Management institutes of repute.
- 2.3 Should have provided Consultancy/Financial Advisory services in India to Central Government/State Governments in the past 5 years, preferably of the similar nature. Copies of work order or Client's certificate shall be submitted as proof.

- 2.4 Shall have large presence in the India and shall have employed qualified personnel not less than 250 well versed and experienced in the field. CV of key members to be deployed on this work may also be furnished in the Technical Bid. This will not apply to Research and consultancy firm in Public Sector, IIMs/Management Institute of repute.
- 2.5 Weightage shall be given to consultancy firm who have undertaken study in agriculture sector and allied fields.
- 2.6 Weightage shall be given for the firm who have experience in developing pricing mechanism in respect of bulk commodities whether indigenous or imported.

### **3.0 PROCEDURE FOR EVALUATION OF BIDS:**

- 3.1 The Department will conduct a pre-bid briefing on 22<sup>nd</sup> March 2013 at 3.00 P.M. Interested Service provider can attend this briefing if they so desire.
- 3.2 Technical bid shall be opened at the specified time in front of the Bidders. Before opening of technical bids, the criteria for giving weightage/marks shall be finalised by DOF alongwith cut off marks for qualification. The same shall be announced before opening of technical bids.
- 3.3 Eligible Bidders shall be shortlisted based on eligibility criteria and thereafter marks shall be allotted.
- 3.4 Shortlisted bidders may also be required to make presentation to the DOF at their own cost to demonstrate their capabilities, bring out their relevant experience in the field, describe approach to the assignment, deliverables, timelines etc. The presentation will carry additional marks. Based on the marks in presentation and technical evaluation, the DOF will qualify the bidders for opening of Financial Bids. For this also, a criteria for awarding marks for presentation and cut off marks shall be decided and announced before opening of technical bids.
- 3.5 Financial bids shall be opened only for those bidders, have qualified as per para 3.3 and 3.4 above.
- 3.6 The final selection shall be made based on evaluation of financial bids.

### **4.0 SCOPE OF WORK**

- 4.1 Consultants / Service Providers scope shall include but not limited to the following:
  - i. Evaluation of NBs Policy with specific reference to following issues:
    - (a) Impact of NBS Policy on prices of fertilizers
    - (b) Impact of NBS Policy on balance fertilization of soil with a specific reference to changing consumption pattern of Phosphatic and Potassic (P&K) fertilizers and its impact on agricultural productivity.
    - (c) Whether the subsidy provided by Government has resulted into making available fertilizers at correspondingly at reduced prices.
    - (d) Mechanism to ascertain 'reasonability' of MRPs.
  - ii. The consultant may also suggest any additional mechanism under NBS Policy to make it more effective in achieving its objectives. This may be studied with reference to monitoring and regulation of MRP, imports and price discovery for fixation of rates of NBS on annual basis.
  - iii. The Consultant may also study and suggest strategy for securing supplies of P&K fertilizers on long term basis along with protection against volatility in international prices and acquisition of fertilizer assets abroad including finding for such acquisitions.
  - iv. The Consultant will provide all the details regarding the source of information which has formed the basis of their study and white making suggestions and recommendations.

v. The Consultants are allowed to consult all stakeholders, viz., fertilizer companies, farmers, Government, international fertilizer suppliers, tec. And their views may also be brought into the report.

vi. The study may be completed within 3 months' time as per time line mentioned in para 6 from the date of award of the study. In case any extension of time is required, approval of Department of Fertilizers shall be necessary. In no case more than 4 months' time shall be given for completion of this study.

4.2 Consultant shall be required to provide consultation services which may include presentation and discussions etc., for an additional period of 6 months from submission of final report.

## 5.0 REMUNERATION / CONSULTANCY FEE

S. No.	Description	Total amount (Rs)
5.1	<p>Lump sum fee for Consultancy / Advisory services and submission of final evaluation, analysis and recommendation report as per Scope of Work defined above including all Taxes and travels in or outside India.</p> <p>This fee shall include expenditure on visit of consultant to DOF for discussions, presentations and finalization of draft evaluation and recommendation report. The Department can also call consultant for discussion or presentation at least three times during the process of Study and after within a period of six months or after submission of the final report.</p>	Bidder to Quote

## 6.0 PAYMENT TERMS

6.1 Payment shall be released within 30 days of submission of invoice after completion of activities for each milestone schedule indicated in clause 6.0 below on submission of the required deliverables / documents / reports duly certified by nominated DOF official or his authorised representative as per payment schedule detailed below:

- a) 50% payment after submission of draft evaluation, analysis and recommendation report within 30 days of submission of invoice.
- b) 40% payment after submission of final report incorporating all comments on draft report subject to final approval from DOF competent authority, within 30 days of submission of invoice.
- c) Balance 10% after approval of the Report by Department.  
Payment would be released through electronics transfer to the Bank Account of the Company.

## 7.0 TIME SCHEDULE

7.1 The assignment shall be completed within a period of **three months** from the date of issuance of Letter of Intent or Work Order whichever is earlier.

7.2 Following will be the milestones for submission of deliverables for scope as mentioned in para 4:

<b>Deliverables</b>	<b>Time schedule</b>
Complete scope incl. evaluation, analysis and recommendation Report as per following timeline :	<b>3 Months</b>
a. Draft proposal / recommendation report in six bound copies	2 Months from issue of LOI / Work Order
b. Comments / observations from DOF	<b>Two weeks</b>
c. Final Report in six bound copies	<b>Two weeks</b> after submission of observations / comments by DOF

Consultant shall be required to make presentation to the DOF, Fertilizer Companies as and when required and incorporate their suggestions and comments in the report and resubmit the same.

**7.3 Price Reduction:** Timely preparation and submission of correct report shall be essential. In the event of delay in delivery period beyond seven days, as indicated in this work order, price reduction @ 0.5% per week or part thereof subject to maximum of 10% of total work order shall be made from the Consultant. However, this can be waived of by the Department if suitable justification is provided for delay.

**8.0 Earnest Money:**

**The bidder shall be required to deposit a refundable earnest money of Rs.5.00 lakhs (Five Lakh only)** in the form of Demand Draft issued from any leading Nationalized/Scheduled Bank in favour of "Accounts Officer, Department of Fertilizers" payable at Delhi. Tender without the earnest money shall be rejected. This will not apply to IIMs and Management Institute of repute.

**8.1** The earnest money of un-successful bidders will be refunded immediately after finalisation of the tender. The earnest deposit of the successful bidder will be refunded immediately after submission of the Security Deposit in the form of Bank Guarantee as detailed in Para-8 below. The EMD will be forfeited if the company after submission of the tender withdraws it or does not accept the contract.

**8.2** No interest shall be payable on Earnest Money by DOF.

**9.0 SECURITY DEPOSIT**

Bidder shall be required to deposit 10% security money in the form of Bank Guarantee equivalent to the final work order within 15 days of receipt of the LOI / Work Order by way of demand draft/ Bank Guarantee. The BG shall be issued by any of the banks approved by DOF and shall be valid for the contract period plus 180 days i.e. 9 months excluding claim period. In case of delay in completion of assignment, Bidder shall extend validity of the BG suitably. Bank guarantee shall be submitted as per format to be furnished by DOF. No interest shall be payable on security deposit. Security deposit shall be refunded after 90 days from the satisfactory completion of the contract.

The Bank Guarantee shall be confirmed by a Bank in India, preferably, State Bank of India, and charges for confirmation shall be borne by the Bidder.

**10.0 OPERATION OF CONTRACT**

Bidder shall nominate a coordinator from his side who will coordinate all activities of the assignment. Bidder's invoice for payment shall be submitted to the nominated DOF Officer for arranging payment.

**11.0 BREACH OF CONTRACT**

In case the Consultant fails to execute the order, DOF reserves the right to get the same work done through any other means/agency at Consultant's risk and cost.

## 12.0 ARBITRATION

All cases of dispute arising during execution of contract shall be resolved by mutual discussion of parties operating the contract. However, in the event of failure to do so, matter shall be referred to nominated officer in DOF who shall be sole arbitrator and his decision shall be binding on both parties operating the contract.

## 13.0 JURISDICTION

All suits in respect of the contract shall be subject to the jurisdiction of the courts in Delhi and venue of arbitration shall be Delhi.

## 14.0 CORRESPONDENCE

Correspondence related to this order should be addressed indicating above order number to:

Under Secretary (MPR)  
Department of Fertilizers, Shastri Bhavan, Room No. 205-D, New Delhi-110001  
Phone no.: +91 (11) 2338 7492  
Email:

## 15.0 DOF's Right

The DOF reserves the right to reject lowest quotation or all the quotations or accept any quotation or part thereof without assigning any reason.

15.1 Notwithstanding the above, DOF shall reserve exclusive discretion to accept or reject any bid offer without assigning any reason. The dispute(s) regarding not awarding of work to any particular Contractor shall not be arbitrable in terms of Clause 14.0 above.

16.0 The award of work shall not be assigned, transferred or sub-delegated to other Contractors except with the written approval of DOF.

## 17.0 Documents to be enclosed:

1. **COVER A:** Earnest Money of Rs.5.00 lakh in the form of Demand Draft issued from any leading Nationalized/Scheduled Bank in favour of "Accounts Officer, Department of Fertilizers" payable at Delhi should accompany with the tender. Following information should be marked on face the sealed envelope:  
Name of Party..... Earnest Money Amount..... Issuing Bank.....Date.....

2. **COVER B:** The following Documents signed by the Authorized Signatory should to be enclosed with the Technical Bid:

- i. Bid form as per **Annexure-II**
- ii. Service Tax Registration No./PAN no. of India (if any)
- iii. Confirmation to the scope of work as given in para 4.0
- iv. Agreement to the time schedule.
- v. Agreement to the payment terms
- vi. Deviations, if any, should be indicated separately in the technical bid only.
- vii. Copies of documents as required under the terms and conditions.
- viii. Documents required as Per "Eligibility Criteria"
- ix. Profile of the company and any other documents the company would like to submit with the technical bid.

3. **COVER C:** Financial bid as per the Price Format given under para 5 of terms and conditions. All inclusive fees for the above assignment need to be mentioned as per Table para 5.1

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**BID FORM**

(Bidders are requested to furnish the Form of Bid in the Format given in this section, filling all the Blanks)

**To,**

**The Under Secretary (MPR)**

Department of Fertilizers,  
Shastri Bhawan,  
New Delhi.

Dear Sir,

Having examined the Bidding documents we the undersigned offer to undertake the job of "Carrying out the study on the impact of Nutrient Based Subsidy Policy and make suggestions for improvement and recommend the most appropriate and effective mechanism including administrative methodology of the Policy to the Department of Fertilizers, Shastri Bhawan, New Delhi"

We agree to abide by this bid-offer for the current financial year (2013-14) i.e. till 31.3.2014 and the conditions of this offer shall remain effective and binding upon us for acceptance at any time before the expiry of the said period.

We are submitting Earnest Money of Rs. 5,00,000 (Rupees five lakhs only) through Demand Draft favouring "Accounts Officer, Department of Fertilizers," payable at New Delhi.

This bid, together with written acceptance thereof by Department of Fertilizers and Order/Notification of Award of Work, shall constitute a binding contract between us and the DOF.

We understand that DOF reserves the right to accept/reject any bid, without assigning any explanation or reason and decision of DOF on the subject shall be final and binding on all Bidders.

Dated, this ..... day of .....2013

Signature

.....

(in capacity of )

duly Authorised to sign this bid for and on behalf of

(Name and Address of the Bidder)

(Affix Official Seal)

Encl.:

1. COVER A containing EARNEST MONEY
2. COVER B containing TECHNICAL BID
2. COVER C containing PRICE BID.