



3RD STRATEGIC MEET OF NATIONAL FERTILIZERS LTD.

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Functions of Materials Department

- Materials planning.
- Procurement of Materials.
- Storing and preservation of Materials.
- Issuing of Materials.
- Inventory Control.
- Transportation of materials.
- Pre-qualification of Vendors.
- Disposal of scrap and surpluses.
- Reporting on Public Procurement Policy like MSEs, Make in India, etc.



Centralized Functions of Materials Department

- A. Procurement of
 1. HDPE Bags.
 2. PP / HDPE Bags for imported fertilizers.
 3. PP Thread.
 4. Caustic Soda lye.
 5. Neem Oil.
- B. Lining up of rate Contract for Implementation of e-Procurement solution in NFL- CO/CMO , Units & Zonal Offices.
- C. Contracts for handling of Imported Spares e.g. Freight Forwarding, Custom Clearance, etc.
- D. Compliance Functions:
 1. MSMED Act
 2. Public Procurement (Preference to Make in India) Order, 2017.
 3. Integrity Pact



LONG TERM AGREEMENTS for NFL:

- 1) For HP Consumables.
- 2) Fuel Supply Agreement (FSA) for supply of Coal to three plants of NFL i.e. Panipat, Bathinda & Nangal from BCCL.
- 3) Agreement with M/s MSTC for disposals through e-auction.
- 4) Agreement with M/s IOC for procurement of Lubricants, Petrol & Diesel.
- 5) Implementation of e-Tendering, Reverse Auction at C.O. /CMO all Plants and Offices.



MSMED Act, 2006.

Requirement As Per Act:

- Procurement goal of minimum 20% from MSEs.
- Out of 20% target of annual procurement from MSEs, a sub target of 4% procurement from Micro and small -Enterprises owned by SC/ST entrepreneurs.
- Public Sector Undertakings are required to set targets and disclose the achievements made thereon in their Annual Report.



Performance of NFL against MSMED Act, 2006.

After excluding the items and services which cannot be procured from MSEs the percentage of procurements made by NFL from MSEs (including MSEs owned by SC/ST entrepreneurs), during last four years is as detailed below: (Fig in Rs , Crores)

	2014-15	2015-16	2016-17	2017-18
Annual procurement of Goods and Services.	118.26	201.76	335.81	554.53
Total value of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs)	13.73	40.20	104.70	138.88
%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	11.61%	20.00%	31.18 %	25.04%



Procurement details of Units for FY 17-18 w.r.t MSEs (in Crores)

Sl. no.	Particular	Bathinda	Panipat	Nangal	Vijaipur	Total
1	Annual procurement of Goods and Services.	18.35	28.43	36.62	137.83	221.23
2	Total value of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs)	9.89	12.98	15.31	18.61	56.80
3	Total Value of Goods and Services from only MSEs owned by SC/ST entrepreneurs).	0	0	0.68	0.84	1.52
4	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	53.89 %	45.66 %	41.81 %	<u>13.50 %</u>	25.68 %



**Procurement details of Departments at CO/CMO for FY 17-18 w.r.t MSEs,
(in Crores)**

Sl. no.	Particular	CO-Mtls	CO-IT	CO-TS	CO-HR	Marketing Dept.	CO-F&A	Total
1	Annual procurement of Goods and Services	203.11	<u>0.09</u>	0.52	5.26	<u>124.30</u>	0	333.29
2	Total value of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs)	77.97	<u>0</u>	0.50	2.02	<u>1.57</u>	0	82.07
3	Total Value of Goods and Services from only MSEs owned by SC/ST entrepreneurs).	38.39 %	<u>0</u>	96.11 %	38.52 %	<u>1.27 %</u>	0	24.62 %
4	%age of procurement of Goods and Services from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement.	0	0	0	0	0	0	0



Public Procurement (Preference to Make in India) Order, 2017

□ Salient Features of Make in India Order:

a) In procurement of goods in respect of which the Nodal Ministry has communicated that there is sufficient local capacity and local competition, and where the estimated value of procurement is Rs 50 lakhs or less, only local suppliers shall be eligible. If the estimated value of procurement of such goods is more than Rs 50 lakhs, the provisions of sub-paragraph b) or c) as the case may be, shall apply.

b) In the procurement of goods which are not covered by above paragraph and which are divisible in nature, the following procedure shall be followed:



Salient Features of Make in India Order:

- Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
- If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price.



Salient Features of Make in India Order:

- In case such lowest eligible local supplier fails to match the L1 price or accept less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bi
- **Minimum local content.** The minimum local content shall ordinarily be 50%.
- **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.



Procurement from GeM (Govt e-Market place)

- As per Govt Guidelines, procurement through GeM has to adopted by all Govt Deptts, Ministries and CPSEs considering General Financial Rules (GFR) -2017.
- As per GFR following may be taken care while making procurements, wherever applicable:
 - a) *Up to Rs.50,000/- (Rupees Fifty thousand) through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period;*
 - b) *Above Rs.50,000/- (Rupees Fifty thousand) and up to Rs.30,00,000/- (Rupees thirty lakh) through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority;*
 - a) *Above Rs.30,00,000/- (Rupees Thirty Lakh) through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM;*



Procurements made through GeM

- The details of Procurement made through GeM portal during FY 2017-18 is as under:

GeM-P.Os (FY 2017-18) Fig in Lakhs					
Sr. No.	CO	Vijaipur	Nangal	Bathinda	Panipat
Sub-Total	0.54	110.36	21.55	Nil	Nil



Highlights

- Uninterrupted supply of Bags, Coal, PP-Threads, Neem Oil and other centralized items to Units.
- Annual procurement worth Rs. **700 Crs** (approx.) coordinated by C.O. Matls.
- During FY 17-18, procurement of Goods and Services from MSEs is Rs 138.88 cr (25.04 %) against total procurement of Goods and Services during the period (Rs. 554.53 cr) after excluding those items/services like Gas, Coal, proprietary items etc. which are not available from MSEs. Total 711, PO/WOs were issued to MSEs including SC/ST MSEs during FY 2017-18.
- Achieved set-target of 20% mandatory procurement of goods and services from MSEs during FY 2017-18, after excluding those items/services like Gas, Coal, proprietary items etc. which are not available from MSEs.



Challenges

- ❑ Strict compliance of MSMED Act.
- ❑ Strict compliance of Public Procurement (Preference to Make in India), Order 2017.
- ❑ Reduction of Internal lead time.
- ❑ Competent manpower for fast changing work requirement.



Remedial Measures

- Getting exemption from MSMED Act for goods and services which are not supplied by MSEs.
- Re-training and Re-deployment of Workforce.
- Reduction in lead time through:
 - ▣ Implementation of ERP.
 - ▣ Clear-cut and elaborate specification of materials while raising the Material Indents.
 - ▣ Realistic Estimation of Cost of Materials.

Together, We shall achieve our Vision

