

*[Approved in 148<sup>th</sup> Board of Directors Meeting vide resolution no. 06/148/2023 dated 30.06.2023]*

# **Policy for Procurement and Purchases**

**NORTH EASTERN REGIONAL MARKETING AND AGRICULTURAL  
CORPORATION PRIVATE LIMITED**

## **PURPOSE AND SCOPE**

1. The purpose of the NERAMAC Procurement policy is to structure NERAMAC's purchasing processes and sourcing strategies to ensure that the service and goods that we acquire are the result of transparent, objective, time and cost effective decision making and risk management.
2. The Procurement Policy applies to all NERAMAC's staff, managers, directors and officers as well as any agent(s) for NERAMAC seeking to acquire, acquiring and/or managing ongoing contractual relationships for the provision of products to or on behalf of NERAMAC. This implies careful consideration at all stages of the procurement process. Adhering to this Policy is mandatory; violations may result in disciplinary action.
3. This Policy may be shared with potential suppliers, donors and external partners, and incorporated into any resulting contractual relationship.
4. This policy shall be applicable in addition to the prescribed Govt. of India Guidelines/policies for procurement of goods and contract for services. However the prescribed Govt. of India Guidelines/Polices shall have overriding effect on this policy.

## **OBJECTIVES AND GOALS**

5. In order to fulfill its functions as a marketer and trader, NERAMAC is required to purchase a vast variety of perishable/ non-perishable horticulture products and office equipment/ stationary. In all these transactions, primary objective and goal may be stated as follows:-

- (a) To ensure requisite quality, quantity and timely receipt and delivery of products at most economical price through a fair and transparent competitive process.
- (b) To identify and develop reliable indigenous sources of supply so as to promote self reliance.
- (c) To verify in advance the financial status and technical competence of the tenderer and suppliers and their capacity to execute contract.
- (d) Endeavor to effect standardization of products, stores and equipments.



- (e) To conduct these transactions in accordance with sound business principles and practices in a transparent manner.
- (f) To ensure that the terms of contract are precise, definite & free from ambiguity or from scope of misconstruction/misinterpretation.
- (g) To develop and establish appropriate information system to monitor and ensure proper Contract management and timely deliveries.
- (h) To encourage small scale and Ancillary Industries, MSMEs, FPOs in terms of Government guidelines issued from time to time and to give preference to Startups within the prescribed guidelines of Govt. of India.
- (i) Every authority delegated with the financial powers of procuring goods shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to procurement and for fair and equitable treatment of suppliers and promotion of competition in procurement.
- (j) Every personnel involved in a purchase, with respect to their assigned authority, shall be solely responsible in case of the receipt of damaged/substandard goods.

#### **YARDSTICK FOR PROCUREMENT**

6. The yardstick to be adhered to while making procurements is mentioned below: -
- (a) Attempt should be made to procure the best quality products and other necessities.
  - (b) When dealing with perishable products, care shall be taken to avoid purchasing in excess quantities.
  - (c) Award of Contract for works and services exceeding the cost of Rs. 25,000/- shall be given by open bidding process.
  - (d) Offers shall be invited following a fair, transparent and reasonable procedure.

- (e) The authority shall be satisfied that the selected offer adequately meets the requirement in all respects.
- (f) Every purchase must be made against purchase orders which shall mention the rates, terms of purchase and payments and credit terms.
- (g) In case of purchase via invitation of tenders, publication of Tender Enquiries on the Central Public Procurement Portal is also to be done.
- (h) For all common items available over Government e-Market Place (GeM), procurement shall be done through GeM only as per provisions, terms and conditions of GeM portal (Included considering mandatory procurement through GeM portal).
- (i) While making purchases of any kind, priority shall be given to units having MSME registration. At least 20% of the total procurement should be from the MSME Units and out of which 3% from the MSME owned by women and 4% from the MSME owned by the SC/ST.
- (j) Every purchase should be backed by subsequent sale order and IOM mentioning where the purchase product will be sold should be attached with the PURCHASE ORDER.
- (k) Appropriate deductions and payment of TDS on freight, on purchases and on services shall be made as and when necessary.
- (l) Appropriate debit/credit note for return/rejection of goods shall be issued in case such event arises. The IOM from the Purchase/ Sale Department should be attached to every Debit note/ credit note issued.
- (m) Internal purchase requisitions should clearly mention specifications and quantity of material to be procured and the supply date.
- (n) Purchase and procurement of goods intended for ultimate consumption shall be based on competitive quotations as received from two or more suppliers.
- (o) Proper comparative quotation analysis sheet should be drawn before purchases are authorized.



(p) If the lowest quotation is not accepted, it must be ensured that the purchase is approved by with the approval of the Audit Committee.

(q) While making purchases from related parties, a fair, reasonable and competitive price must be ensured and the relationship of the vendor with any member of NERAMAC shall be disclosed. Ensure that 'Related Party Relation' be taken in writing and duly recorded.

(r) Proper diligence must be made to check the physical existence of the vendor's entity and its partners/Directors/Promoters and their credibility in the market in general.

(s) No advance payment to be made to any vendor.

(t) General Financial Rules issued by the Ministry of Finance and procurement and tendering Guidelines/Rules/Office Memorandums issued by the Central Vigilance Commission time to time to be complied mandatory to the extent of its applicability on this Corporation.

#### **PROCUREMENT AND PURCHASE COMMITTEE**

7. An Internal Procurement and Purchase Committee shall be constituted to review the procurement and purchase proposals exceeding Rs. 2 Lakh or more before placing it before the Competent Authority for approval and the Committee shall meet most often as per the necessity and atleast one meeting shall be held every fortnightly.

8. The Internal Procurement and Purchase Committee shall be headed by Managing Director and shall comprise of following:-

- (a) Head of the Marketing Department.
- (b) Head of the Finance Department.
- (c) Head of the Personnel & Administrative Department.
- (d) Company Secretary.

9. The Minutes of the Committee shall be placed before the Audit Committee of the Board of Directors for review and noting.

## **MODES OF PURCHASE**

10. Purchases are to be made through two modes, viz:-

(a) **Direct purchases from suppliers**. NERAMAC shall resort to making direct purchase in the following cases:-

- (i) While purchasing various products for reselling purposes.
- (ii) While purchasing stationary and other office requirements.

(b) While making such purchases the following guidelines are to be followed:-

(i) All products that NERAMAC procures for reselling purposes needs to be ideally purchased directly from farmers/ producers or if not possible re-sellers. However, in both cases proper price-quality analysis need to be made.

(ii) Stationary and other office expenses, both recurring and non-recurring in nature, upto Rs. 25,000/- shall be made through direct purchase.

(iii) All office stationary requirements shall be procured by the Administrative department.

(c) **Purchases via Invitation to Tender**. All purchases to be made through issuing tenders must be done ideally through **Open Tender Enquiry (OTE)**. Such tendering shall be done primarily for procuring capital assets or for undertaking Contractual services.

(d) Following guidelines must be followed while issuing tenders:-

(i) Invitation to tender shall be issued on obtaining the approval of Competent Authority for all Tenders.

(ii) Invitation to tender shall be accompanied by the relevant general conditions of contract.

(iii) Tender closing date and time, tender opening date and time should be clearly indicated.



(iv) The tender documents in all such cases must include a clause that price negotiation may not be carried out with the parties and contract is likely to be awarded to the lowest tenderer, if the offer is technically acceptable and the prices are found to be reasonable.

(v) A minimum of 3 tenders must be considered to exercise variety and competitiveness while making a purchase.

(vi) In cases where less than 3 offers are received as on due date, NERAMAC reserves the right to extend the due date without any prior notice to the Vendors who have participated. The same shall be incorporated in the Enquiry.

(vii) Two stage tendering method shall be followed while inviting tenders.

(viii) Pre registration of vendors must be done following appropriate KYC procedures and vendor codes shall be provided to each vendor.

#### **DOCUMENTATION AND RECORDING**

11. The following guidelines are to be followed to ensure adequate documentation and recording of the purchase transactions:-

(a) Availability of Purchase order, duly signed by the Head of Purchase, must be ensured before making a purchase.

(b) Original Invoice must be collected after completion of a purchase.

(c) Every Purchased Invoice should be recorded by the accounts department and Purchase invoice be counter signed by both Purchase officer and the accounts officer.

(d) Proper updation of the purchases must be made in the Purchase Register.

(e) Invoices of transportation cost must be kept and duly recorded in the books.

(f) One copy of each purchase order should be made available to the accounts department.

**QUALITY AND GOOD GOVERNANCE**

12. For good governance and better control, following criterions are to be followed:-

- (a) Purchase budget and its comparison with the actual and authorization of variation, if any, shall be made available.
- (b) In case of capital purchases, reason and cost benefit analysis of such purchase shall be made available.
- (c) In case of Hiring of Services, Work Order should be issued and every bills raised by the service provider should be forwarded by the concerned department receiving the Service to the Accounts Department.
- (d) Adequate control over vendor development should be maintained to prevent dependency.
- (e) List of unpaid trade payables should be prepared and reconciled periodically.
- (f) 50% Vendors should be MSME registered.

**REPORTING**

13. The following exceptional reports may be useful for the organization for internal audit/ management point of view:-

- (a) Pending requisitions for which Purchase Order is not raised.
- (b) Pending purchase order for which supply is not made.
- (c) List of advances made to suppliers.
- (d) Issue of Credit note/ debit note as and when required.

14. The exceptional reporting should be done on fortnightly basis.