DELEGATION OF POWERS

Procurement, Works, Consultancy & Services

NMDC LIMITED
March – 2023

DELEGATION OF POWERS FOR PROCUREMENT / WORKS / CONSULTANCY / SERVICES

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
A	**Administrative Sanction for procurement of goods / works & inclusion in Capital Budget**							
1.a	Packaging of sanctioned DPR	Full	NIL	NIL	NIL	NIL	NIL	(i) The indicative cost of the packages to be proposed by user department. (ii) Details at para 6.3 of SOP
1.b.	Sanction of detailed cost estimate of packages under DPR	Full	Rs.500 Cr	Rs. 50 Cr	Rs 50 Cr	NIL	NIL	(i) Detailed Cost Estimate given by User Dept for package wise works / procurement under DPR including 'Deposit Works' (iii) Within the overall sanctioned DPR cost including variations
2	Administrative Sanction of New Capital Works							(i) Expenditure proposed shall be sanctioned for inclusion in Capital Budget (RE or BE as applicable). (ii) Details as per SOP.
a.	New Works/ Procurement of Goods -Planned	Rs 20 cr	Rs.10 cr	Rs.5 cr	NIL	NIL	NIL	(iii) PC dept shall be coordinating for compilation of total budget for new works / procurement of goods (iv) Ceiling limits are for each case (v) Post administrative sanction the works / procurement shall be taken up for tender action only after inclusion in the capital budget and approval thereof by Board.
b.	New Works/ Procurement of Goods - for	Rs. 1.50 cr	Rs.1 cr	Rs.50 lakhs (subject	NIL	NIL	NIL	(i) Subject to overall budget limit as confirmed by executing department (ii) Ceiling limits are for each case

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
	unplanned schemes.			to annual ceiling of Rs.2 cr)				(iii) Proposal shall be made comprehensively with detailed justification (iv) Executing department shall submit Quarterly report to CMD, B &C section of Finance department (v) Details as per para 5 of SOP
3.	Land acquisition							(i) Includes expenditure for acquisition of land, whether private, Govt or forest etc
a.	Where DPR is sanctioned	Full	NIL	NIL	NIL	NIL	NIL	
b.	For operating projects	Rs.20 cr	Rs.2 cr	NIL	NIL	NIL	NIL	
B	**Administrative sanction and detailed cost estimate for Revenue Works/Procurement**							
1.a	Operational & Maintenance works - core activities.	Full	Rs.100 cr	Rs.20 cr	-	-	Rs. 1 cr	(i) Within the approved Budget for the relevant head of expenditure as approved by Board. (ii) For existing non core services, HOP, HOD(HO) and HOU/HO(RO) will have full powers upto 10% variation in scope / number of units as per previous original sanction by FD (iii) For new non core services, initial approval shall be by FD (iv)# Applicable for non centralized cases of existing project specific insurance coverage (v) Powers for selection of Insurance Intermediaries, TPA & other Insurance service providers shall lie with CMD only
1.b	Outsourcing of Operational & Maintenance works – non core activities.	-	Full	Full	Full	-	Full	
2.	Consultancy	Full	Rs.3 cr	Rs.20 lakhs	Rs.10 lakhs	NIL	NIL	
3.	Insurance	-	Full	Full#	Full#	NIL	Full#	

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
4.	Statutory levies / expenses – sanction and release	-	Full*	Full*	Full*			(vi) ***** -For HOP & HOD(HO), powers are applicable only for revenue items /operating projects. For FD, powers are applicable for sanctioned projects in addition to above.
5.	Undertake works for outsiders / Govt depts. including R&D jobs	-	-	Full	Full		Full	(i) Subject to availability of spare capacity and recovery of all charges (including fixed cost) with minimum 12% profit margin (ii) Quarterly report to CMD
6.	Raw material, operational stores & spares, consumables, components, stores for hospital, canteen, schools, laboratory, loose tools & tackles, printing & stationary, computer consumables etc	Full	Rs.100 cr	Rs. 20 cr	-	-	Rs. 1 cr	(i) Within the approved Budget for the relevant head of expenditure. (ii) This head will be operated for all revenue items (iii) For Printing & Stationery and Computer Consumables, centralized procurement by P&A department and C&IT department respectively shall continue
D	**INVITATION OF TENDER & AWARD OF CONTRACT/WO/PO**							
1	Packages under DPR & New Works / Procurement of goods – planned and unplanned & Deposit works	Rs.50 cr	OTE-Rs.30 cr LTE-Rs.10 cr	OTE-Rs.20 cr LTE-Rs.2 cr	OTE-Rs.10 cr LTE-Rs.2 cr	OTE-Rs.2 cr LTE-Rs.20 lakhs	OTE-Rs.1 cr LTE – Rs.10 lakhs	**Invitation of tenders** (i) Issue of Tender to be based on standard clauses / guidelines issued from time to time (ii) The PQC for OTE along with deviation statement to standard clauses (including justification) to be concurred by Finance.

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
2.	Operational & Maintenance works - core activities + non core +procurement+ Insurance	Full powers	STE-Proprietary - Rs.2 cr STE-Nomination – Rs.1 cr OTE-Rs.100 cr LTE-Rs.20 cr STE- - Proprietary - Rs.5 cr STE-Nomination – Rs.2 cr	STE-Proprietary Rs.1 cr STE-Nomination – Rs.50 lakhs OTE-Rs.20 cr LTE-Rs.10 cr STE-Proprietary - Rs.2 cr STE-Nomination – Rs.1 cr	STE-Rs.1 cr STE-Nomination – Rs.50 lakhs OTE-Rs.20 cr LTE-Rs.10 cr STE-Proprietary Rs.1 cr	OTE-Rs.5 cr LTE-Rs.1 cr	OTE- Rs.5 cr LTE-Rs.1 cr STE-Proprietary-Rs.50 lakhs	(iii) Mode of tendering to be concurred in case of LTE/STE (iv) Rate contracts for operational works / procurement through OTE/LTE/STE shall also be included (v) For O&M works/rate contracts for procurement, services and works, the financial ceiling is for annualized value. (vi) For proprietary procurement at HO, proprietary certificate to be signed by HOP/HOD-HO/HOU/HO-RO & for other cases the respective head of user department shall sign it. Further, for cases requiring approval of CMD and above, the proprietary certificate shall be counter signed by the concerned FD. (vii) For D 2. STE – Proprietary shall pertain to works from OEM/OPM only **Evaluation & Award of work** **(i)** Evaluation of offers and award of work on basis of TSC recommendations **without Financial concurrence upto FD level** (ii)The initial discovered L1 price shall form the basis for determining the C/A for seeking subsequent approvals till finalization of the case. During tender process if a case is escalated to higher authority all subsequent approvals shall be sought from same authority till finalization of the case (iii) The respective C/A shall exercise full powers for award of work, subject to regularization of additional expenditure on account of tender premium, if any, before the actual expenditure breaches the budget sanction. User

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
								department shall process for necessary approvals for additional budget sanction.
3.	Consultancy (Under Revenue Budget)	Full	OTE-Rs.5 cr LTE-Rs.2 cr	-	-	-	-	Same as D(1) above
E	**Execution of Procurement Order / Works**							
1.	Obtaining additional quantities against POs for revenue items	-	-	Full	Full	Full	Full	(i) Subject to provisions in approved budget (ii) Approval by original approving authority subject to total value of procurement including additional quantity falling within the delegated powers of such authority (iii) Upto 30% of original ordered quantities and availability of suitable clause in tender.
2.	Repeat orders against purchase orders for revenue items	-	-	Full	Full	Full	Full	(i) Same as E.1point (i) to (ii) above (ii) Repeat order can be placed within 6 months from date of original order for upto 50% of original quantity, based on certification from user department that prices are not on a decline. (iii) Original order should have been placed based on competitive bidding (OTE/LTE) with minimum three valid offers (iv) Repeat order is to be approved by the same authority who has approved the original order provided consolidated value falls within his powers

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
								(v) Sister projects can also avail of the provision subject to NOC from the project placing the original order and overall coordination.
3. a.	Variation/Deviation - Interim & Final in existing items / extra items / substitute items in item rate contracts In case of orders falling within their own approval	Full	Full	Full	Full	Full	Full	(i) Subject to amended work order value falling within their own powers (ii) In case of negative deviation beyond 20%, respective competent authority shall be informed.
b.	In case orders approved by higher authorities	-	20% - for orders approved by CMD and 10%- for orders approved by ECOD with cap of Rs.10 cr	20% - for orders approved by FD and 10%- for orders approved by CMD with a cap of Rs. 2 cr and Rs.2 cr for orders approved by ECOD	20% - for orders approved by FD and 10%- for orders approved by CMD with a cap of Rs. 2 cr and Rs.2 cr for orders approved by ECOD	20% - for orders approved by HOP	10% - for orders approved by FD	(i) Subject to amended work order value falling within the power of such higher authority. (ii) Approval of deviation beyond prescribed limits shall be by respective Competent authority (iii) The above prescribed limits are exclusive of escalation payment if any and with reference to the originally awarded contract value. (iv) In case of negative deviation beyond 20%, respective competent authority shall be informed

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
4.	Execution of contracts/POs / agreements /including issue of LOI/WO	-	-	Full	Full	Full	Full	a) LOI/WOs/POs shall contain terms & conditions as per the approved bidding document/NIT b) No FC is required
5.	Deviations to Terms of LAC/PO/WO							(i) Subject to revised value falling within their powers. (ii) No FC for (5) (b) only
a.	With financial implication	Full	Full	Full	Full	Full	Full	
b.	Without financial implication	Full	Full	Full	Full	Full	Full	
6.	Extension of Date of Completion							(i) Full powers for works/procurement falling within their own powers. (ii) Interim extension for works/procurement falling within approval of higher authority reserving right to levy LD/ penalty – without FC (iii) Final Extension shall be processed along with Delay Analysis & shall require FC
a.	Interim/Final	Full	Full	Full	Full	Full	Full	
b.	Waiver of LD/penalty (where otherwise applicable)	Full	Full	-	-	-	-	(i)Full for works / procurement falling within their own powers. (ii) Along with detailed justification for waiver of LD/penalty.

S. No.	Nature of powers	CMD	FD	HOP	HOD(HO)	HOD(Project)	HOU/ HO(RO)	Remarks
c.	Short-closure / Termination of contracts	Full	Full	Full	-	-	-	(i) Full powers for works / procurement falling within their own powers. (ii) Detailed justification for short closure / termination of contract to be given by the executing department. (ii) Executing department shall clearly specify whether balance work (if any) is required to be executed either departmentally or through another contractor (under risk & cost, if applicable).
7.	Sanction of demurrage / wharfage	-	Full	Rs. 10 lakhs	-	-	Rs.5 lakhs	(i) Reasons to be recorded
8.	EMERGENCY Works / Procurement	-	Full	Full	-	-	-	As per SOP para 8.

G. **Turnkey contract**

Normally LSTK contracts do not provide for change in contract value as the contractor has to complete the envisaged scope of work with the given broad technical specifications. However, occasionally, due to unforeseen circumstances warranting change in specifications, scope etc., additional payment may be envisaged over the original contract value. However, this clause has to be operated **only under exceptional circumstances with adequate justification.**

The lump-sum turn-key contracts are generally awarded with certain pre-included special terms & conditions, which are to be invoked only in extraordinary circumstances, based on the requirement, with proper justifications. Some of these clauses are listed below, along with corresponding delegation:-

a. Cases where approval is required from the original approving authority for award of contract:-

i. Termination / Suspension of Contract
ii. Invocation of Negligence / Risk & Cost action against contractor
iii. Issue of Change Order (beyond 5% of original awarded value or Rs.5 crores – whichever is lower)
iv. Partial Take-over of Facilities
v. Deemed Commissioning / PG / FAC of package due to Employer's Delay
vi. Final Time Extension & Contract Closure based on Final Delay Analysis
vii. Waiver of LD under special circumstances, where otherwise applicable
viii. Alteration in the composition of consortium (in case of substitution of any member with an alternate member).

b. Cases where approval is required from FD, even if original contract is awarded with approval of CMD:-

i. Issue of Change Order (up to 5% of original awarded value or Rs.5 crores – whichever is lower)
ii. Interim Time Extension reserving the right to levy LD at later stage (without FC)
iii. All deviations without any financial implications, without FC, but in consultation with Law department wherever required (Example – Change in name / address / account details of contractor, Change in status of the contractor / consortium member on account of corporate restructuring etc.)
iv. Direct Payment to sub-contractors / vendors as per the contractual clause (without FC).

c. **<u>Cases where approval is required from HoP, even if original contract is awarded with approval of FD:-</u>**

i. Issue of Change Order (up to 5% of original awarded value or Rs.1 crore – whichever is lower)

ii. Interim Time Extension reserving the right to levy LD at later stage (without FC)

iii. All deviations without any financial implications, without FC, but in consultation with Law department wherever required (Example – Change in name / address / account details of contractor, Change in status of the contractor / consortium member on account of corporate restructuring etc.)

iv. Direct Payment to sub-contractors / vendors as per the contractual clause (without FC).

d. **Initiation of Dispute Resolution as per contract (Amicable Settlement / Conciliation / Arbitration) should always be undertaken with approval of CMD.**

e. **Notes:**

(i) For sanction & subsequent revision(s) of Billing Schedule where RA bill payments can be released by amending the billing schedule, such proposals can be approved by HoP / HoD (Proj) / HoU / HoRO (as originally approving authority). Further, HoP is also empowered for sanction & subsequent revision(s) of Billing Schedule for the contracts awarded with the approval of FD / CMD / ECoD, in line with the prevailing practice.

(ii) Approval of the Billing Schedule revision would require Financial Concurrence. However, it is to be ensured by the executing department that the items / quantities already paid for are not altered while revising the BS. Further, this power shall not be misconstrued as revision to payment milestones of 5%+5%+77.5%+12.5% as approved in the contract.

(iii) The respective Competent Authorities at every level are authorized to exercise full powers for invoking of all the above mentioned contract clauses (except point no. D – Dispute Resolution).

(iv) For any deviations with financial implications beyond the stipulated contractual provisions, the respective proposals shall require approval of CMD / ECoD only (with FC).

GUIDELINESS/PREAMBLE FOR EXERCISE OF POWERS

1. The Delegation of Powers envisages a high degree of accountability in operation of the powers by the Competent Authority indicated against each hierarchy of powers.

2. The Delegation of powers is intended to serve the purposes of smooth, expeditious and efficient realization of company's goals and targets within the policy framework.

3. The use of Delegation of Powers (DOP) as an instrument of crushing the process time of transactions pre-supposes existence of a fool proof budgetary control system wherein the expenditure proposals are examined in depth and got approved before their inclusion in the Budget. Therefore, it is to be ensured that Budgets are prepared and examined in depth and approval of Competent Authority is sought well in advance for effective implementation during each financial year.

4. **Powers delegated herein cannot be further sub-delegated.**

5. Exercise of powers shall be subject to observance of relevant policies, rules and regulations of the Company and principles of financial propriety.

6. The powers delegated herein are subject to the provisions of the Companies Act 2013, the Memorandum and Articles of Association of the Company and any instructions or guidelines issued by the Government of India including the Central Vigilance Commission on specific matters from time to time.

7. The powers delegated to an executive can be exercised by the executive above his level.

8. Where financial limit has been prescribed, this shall mean up to and including that amount per case except where annual limit has been indicated. This shall also include all taxes and duties.

9. The nomenclature of Competent authority as indicated in the Delegation of Powers is defined below:

   a) The Head of Project viz., Bacheli Complex, Kirandul Complex, Donimalai Complex, DIOM Pellet Plant, Panna, Ranchi & Slurry Pipeline(SPL).
   b) The Head of Units viz., Sponge Iron Unit, Raipur Investigation, R&D Centre.

c) The Head of Departments at Project – The HODs of various departments who directly report to HOP shall exercise the powers of HOD-Projects provided they are in the rank of DGM and above. In case they are below the rank of DGM, these powers can be exercised by AGM level officer also subject to specific authorization by HOP.

d) Head of Department – HO – The Head Of departments of various functions who are directly reporting to FD and who are of the rank of GM and above shall exercise the powers of HOD-HO. provided they are in the rank of GM and above.

e) Head of Regional Offices, viz., Vizag, Chennai, Kolkata, Mumbai, Delhi, Bangalore and Bhubaneswar Offices, provided they are of the rank of AGM and above.

10. Financial concurrence is required for all the items under the Delegation of Powers except when specifically mentioned in the 'Remarks' column as not required.

11. Minimum level of Finance Executive for Financial Concurrence shall be as under:-

	APPROVING/SANCTIONING AUTHORITY	**CONCURRING AUTHORITY**
1	Board/ECOD/CMD	Director Finance
2	Functional Director	Head of Department (HOD)Finance-HO
3	Head of Project	Head of Department (HOD) Finance-Project
4	Head of Department – Project	One level below Head of Department - Project or next available officer in hierarchy
5	Head of Department (HO)	Deputy General Manager (DGM)(HO)
6	Head of RO	Head of Department(Fin)(RO)
7	Head of Unit	Head of Department(Fin)(unit)

12. Executive and Approving Authority shall ensure that the proposals are not split only for purposes of bringing the decision within the powers of a delegatee.
13. Tender file to be treated as confidential till such time final decision is reached.

14. In case of dissent given by finance member of the TSC in the minutes, the following procedure shall be adopted:

a. Approving authority shall consult with his corresponding concurring authority as per point 11 and would take a decision in consensus with such concurring authority. In case of lack of consensus at that level, such case would stand escalated to the next level of Competent authority, who would take a decision in consensus with his corresponding concurring authority and so on. In case the issue is non resolved by the approving authority at FD level in consensus with HOD (Finance), HO, the case would be referred to Director (Finance) for final decision .

b. In other cases of dissent by other TSC members, after following the guidelines envisaged in the SOP at point no.9.8 accepting authority shall have the right to accept / modify / reject / discharge the tender as deemed fit and such decision shall not be subject to further review

15. Abbreviations used: CMD–Chairman-cum-Managing Director; FD–Functional Directors; HOP–Head of Project; HOU-Head of Units;; Heads of ROs – Head of Regional Offices; HODs – Heads of Department; HOD-F –Head of Department-Finance ; CGM – Chief General Manager; GM – General Manager; DGM – Dy General Manager; AGM – Assistant General Manager.

16. In case of any doubt in the implementation of the subject of DOP, the same may be referred to Director(Finance).

17. Transition methodology to new DOP

(i) This document supersedes all other documentation issued in this regard and connected therewith (for section B and C of the existing DOP by CMD). All the existing / running cases shall also be deemed to be encompassed within the ambit of this document.

(ii) The prescribed methodology for processing the respective cases for inclusion in Annual Budget of the company shall be effective from FY 2023-24 onwards. For the cases which are already included in the Annual Budget of the previous year, the same shall be processed by respective executing department for seeking administrative sanction of Competent Authority as per this DOP. For new cases, (not included in the approved annual budget of the previous year) the prescribed methodology of seeking administrative sanction before inclusion in the budgets as per this DOP shall be applicable.

(iii) For issues arising during execution of already awarded contracts, the provisions of this DOP shall prevail as if they have already been awarded under the new DOP.