



EASTERN COALFIELDS LIMITED
(A Subsidiary of Coal India Limited)
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Ref No:ECL/HQR/GM(F)/IC/2023/192

Date:21.01.2023

To,
The General Manager,
Satgram , Bankola, Salanpur, Jhanjra, Mugma , Sodepue, S P Mines,
Kajora, Kunostoria, Rajmahal, Kenda, Sripur, Pandaveswar , Sonapur-
Bazari Area,
GM (Rescue), CMS -Sanctoria, CMS, CH Kalla Hospital.
Agent SCW/ PWS/NCW/RWS/BEPW.
Eastern Coalfields Ltd.

**Sub: Approved SOP for System Improvement for release of
Performance Bank Guarantee.**

Dear Sir,
Please find attached approved SOP for System Improvement for release of
Performance Bank Guarantee concerning Procurement of Goods.
The same should be strictly implemented with immediate effect.

Yours Faithfully,

Ch.Mgr(Fin)/HOD

Enclosed: SOP for System Improvement for release of Performance Bank Guarantee.

Cc:-

CMD,DT(OP)/DT(P&P)D(P)ECL,CVO-ECL.

GM(T&MS)/TS to CMD,TS to DT(OP),DT(P&P),Ts to D(P)ECL,

GM(Vig)GM(MM),GM(E&M),GM(Excv),HOD(E&T)-ECL.

All HODs ECL(Hqr).

1147074/2023/O/O CVO,ECL HQ

Suggested SOP as a System Improvement for release of Performance Bank Guarantee concerning Procurement of Goods

Background: -

As per CIL Purchase Manual 2020, The Performance Bank Guarantee (PBG) Clause must be stipulated in all the contracts for procurement of capital equipment and other items/goods involving installation and commissioning. The PBG (s) shall remain valid till 3 months after the completion of warranty period of all the equipment/ items covered in the contract. The release of the Performance Bank guarantee(s) after above indicated period, shall be subject to satisfactory performance of the equipment/items during the warranty period and fulfilment of contractual obligations failing which, action for further extension or encashment of PBG, as deemed suitable shall be taken. The Performance Bank Guarantee shall be released after expiry of validity period if no claim is pending, with the approval of the concerned HOD (MM)/ Area GM. For timely release of PBG, the following SOP is suggested.

SOP for release of Performance Bank Guarantee: -

1. All correspondence before acceptance of PBG and during release of PBG between the Finance department and MM department should have proper documentation. Use of Peon book along with stamp may be resorted to in this regard.
2. After acceptance of PBG against any Purchase Order, it shall be the responsibility of Finance department / Custodian of BGs to enter the relevant details in ERP so that alert is automatically generated 3 months and 2 months prior to the expiry of PBG.
3. The responsibility of MM department (which is the "concerned executive office" in respect of procurement of goods) and of Finance department / Custodian of BGs – In connection with PBG are already deliberated at point no. 23.1 (Bank Guarantee) of Page no. 10 of Chapter I (Management of Cash & Bank) of Finance Manual part – II and the same may be followed. For ready reference, the key points are reproduced below:
 - a. It shall be the responsibility of the concerned officer from MM department to take up matters in a timely manner with the party concerned for extension of validity period of PBG wherever necessary. The letter of extension, after examination / acceptance, should also be sent to the concerned custodian of BGs (Finance department).

- b. The concerned custodian of BGs (Finance department) shall also regularly review the BGs and intimate the concerned officer from MM department regarding PBGs expiring within next 2 months.
 - c. The concerned custodian of BGs (Finance department) should ensure that all PBGs which are neither revalidated nor advised for release by MM department before one week of the expiry period, should invariably be negotiated for encashment under intimation to the concerned MM department.
 - d. The documents should be kept in the custody till satisfactory completion of the contract and receipt of necessary orders for its release. The concerned custodian of BGs (Finance department) should finally scrutinize and arrange for release of the security after recovery of the dues, if any.
4. After receiving any item from Store, the end-user shall note details such as the corresponding Purchase Order no., details of the supplied items, date of receiving the materials from Store etc.
5. The relevant Purchase Order is to be obtained from the concerned technical department of HQ (for HQ level purchase) / HOD (MM) of Area (for Area level Purchase) by Area level HOD of concerned technical department and a copy of the said Purchase Order is to also to be forwarded to the end-user by the Area level HOD of concerned technical department.
6. Area level HOD of concerned technical department shall follow up on the installation of the supplied items. Help of any higher authority may be taken in this regard. After installation of the said supplied items, the end-user shall note the date of installation and communicate the same to the Area level HOD of concerned technical department along with the details mentioned in point no. 1 above for future follow up regarding Guarantee/Warranty Issues.
7. The concerned technical department of HQ (for HQ level purchase) / HOD (MM) of Area (for Area level Purchase) shall seek a cumulative statement on quarterly from the Area level HOD of concerned technical department in the below mentioned format regarding status of supplied items for which PBG is applicable from Central / Area Store respectively - **"CUMULATIVE QUARTERLY STATEMENT REGARDING SUPPLIED ITEMS FOR WHICH PBG IS APPLICABLE"** (Attached in Annexure - 1). Only after expiry of guarantee/warranty period corresponding to a Purchase Order, should the corresponding entry in the aforementioned format be deleted from the next quarterly statement.

8. In the event of any adverse performance of the supplied items, the end-user shall consult Area level HOD of concerned technical department and take necessary steps to determine whether the criterion for determining adverse performance is matching with the warranty clause mentioned in the Purchase Order. Afterwards, the Supplier is to be contacted to resolve the dispute. Help of any higher authority may be taken in this regard. The date of raising such dispute is to be noted by the end-user.
9. Necessary follow up should be done with the Supplier by the Area level HOD of concerned technical department to rectify the defect as soon as possible. The date of rectification of the defect is to be noted by the end-user.
10. The process of deciding whether to release any PBG should be started 3 months before expiry of the said PBG from MM department. MM department shall seek the requisite data from the user department in the following format: **"FORMAT FOR DECIDING ON THE RELEASE OF PBG"** (Attached in Annexure - 1). The said format is to be filled by the end-user after consultation with the Area level HOD of concerned technical department, without any delay, after receiving intimation from the concerned technical department of HQ / HOD (MM) of Area. Area level HOD of concerned technical department shall then communicate the same, without any delay, to the concerned technical department of HQ / HOD (MM) of Area as the case may be. Finally, the said format would be sent to Finance department for necessary action by the MM department after filling column no. B & L in the same.
11. In case of delay in receiving the data as mentioned in point no. 10 above, the concerned technical department of HQ / HOD (MM) of Area (as the case may be) shall use the data as obtained from **"CUMULATIVE QUARTERLY STATEMENT REGARDING SUPPLIED ITEMS FOR WHICH PBG IS APPLICABLE"** (Attached in Annexure - 1) to take decision regarding release of PBG as per Clause 10.3.11.6 of CIL Purchase Manual 2020 - which states that "in case there is no dispute pending & No Claim Certificate is not received in writing from the user within 6(six) months from the expiry of the validity period, the BG shall be released without further reference to the user, with the approval of the Director (T) of the concerned subsidiary/CIL".

1147074/2023/O/O CVO,ECL HQ

ANNEXURE-1

Ref. Point no. 7 & 11:

CUMULATIVE QUARTERLY STATEMENT REGARDING SUPPLIED ITEMS FOR WHICH PBG IS APPLICABLE

A	B	C	D	E	F	G	H
PO No. & date	Description of the Items	Date of receiving the items at unit store	Date of installation of the items	Reason for delay in installation (if any)	Installation location	Date of expiry of Guarantee/warranty period	Status of any dispute/claim pending against the contract
	1.						
	2.						

Ref. Point no. 10:

FORMAT FOR DECIDING ON THE RELASE OF PBG

A	B	C	D	E	F	G	H	I	J	K	L
PO No. & date	PBG No., date, and amount *	Description of the Items	Date of supply of the items	Date of installation of the items	Installation location	Date of expiry of Guarantee/warranty period	Incidence of adverse performance of supplied items, as defined in warranty clause of Purchase Order, occurred during the Guarantee/warranty period (if any)	Date of raising the dispute to the concerned supplier (if applicable)	Date of rectification of the defect by the concerned supplier (if applicable)	Comment on fulfilment of all contractual obligations by the supplier including status of any dispute/claim pending against the contract	Whether the PBG is to be extended or encashed or released *
		1.									
		2.									

* To be filled by MM department