

10. Miscellaneous

10.10 Supply of cement to Rural Development & Panchayat Raj Schemes/Tsunami works – Procurement of OPC 43 Grade Cement – Proposal of TANCEM rates approved

Rural Development and Panchayat Raj (CGS-III) Department

G.O.(2D).No.62

Dated : 04.10.2007

Read:

1. G.O. (2D) No. 37, Rural Development & Panchayat Raj Department dated 6.6.2007
2. From the Chairman & Managing Director of Tamil Nadu Cements corporation limited. D.O. letter No. 18/CMD/TANCEM /2007 dated 14.9.2007
3. From the Director of Rural Development & Panchayat Raj, letter No. 7868/2007/TU3 Dt. 18.09.07

ORDER

In the Government order first read above, the District Rural Development Agencies were directed to place orders with Tamil Nadu Cements Corporation Limited for procuring the cement from other cement manufacturers. TANCEM was also directed to procure cement through open tenders and to negotiate with the bidders effectively for getting an advantageous 'Rate contract' and approve a panel of suppliers, since a large quantity of cement is to be procured. TANCEM was entrusted this task as they will be in a position to ensure better quality controls and checks over the cement to be supplied to the District Rural Development Agencies. The order also permitted TANCEM to charge a margin money of Rs.2 per bag of cement procured in this manner. The funds for the purchase will be drawn from the various Rural Development and Panchayat Raj scheme funds.

2. The Chairman and Managing Director of TANCEM in the letter second read above has stated that TANCEM has floated National Competitive Bid for the supply of cement. In response to this out of 8 bids received, one bid was disqualified in the pre bid evaluation itself and remaining 7 price bids were opened on 6.9.2007 in the presence of the committee members and representatives of the bidders. Finally, evaluation of price bids revealed that the following 5 cement manufactures stood as L1 for the clusters mentioned below.

Sl.No.	Company name	Clusters	Price quoted per bag in Rs.
1	M/s. Madras cements, Chennai	II, III, IV, VII, VIII & IX	270/-
2	M/s. India cements, Chennai	I	273/-
3	M/s. Chettinad cements, Chennai	VI	288/-
4	M/s. Ultra Tech. Chennai	IX & X	270/-
5	M/s. Grasim Industries	III, IV & V	270/-

3. Two rounds of negotiation were held with the L1 bidders on 10.09.2007 and 14.09.2007. Finally the L1 bidders of each cluster have agreed to supply cement for Rs.230/- per bag inclusive of all taxes and the rates is valid for a period of 10 months.

4. In view of the above and since the possibility of securing a lesser rate if the tender is floated again is remote, the committee of Board of Director of TANCEM had recommended for approval of FOR price of Rs.230/- per bag which includes all taxes, loading and unloading considering the following factors.

1. The price is firm for a period of 10 months with a credit of up to 15 days.
2. Cement to be supplied is 43 grade OPC.

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3. The current market price of PPC is in the range of Rs.240- Rs.250 per bag. The availability of OPC cement has come down substantially and generally the price of OPC is higher than PPC by about Rs.10-20 per bag.
4. The cost of production of OPC cement is around 15% - 20% higher than the cost of production of PPC cement on account of higher requirement of clinker and higher power consumption etc.
5. Possibility of further escalation in cost of inputs and transport cost.
6. The price also includes transport, loading and unloading.

5. In the letter third read above, the Director of Rural Development & Panchayat Raj has offered the following remarks on the proposal.

- a) The prevailing market whole sale price and retail price of 43 Grade OPC cement is more than the final negotiated rate of Rs.230 per bag.
- b) There is a large shift towards production of PPC at the cost of reduction in quantity of OPC cement. With this trend, the availability of OPC cement in the open market is likely to reduce in the coming months with a possibility of further increase in the open market price. Also, OPC cement is not easily available at present in the open market.
- c) The manufactures now supply bulk quantity of 43 Grade OPC cement only based on orders.
- d) The price negotiated by TANCEM is inclusive of all taxes, loading, unloading and the rate is valid over a period of 10 months.
- e) Due to the present tendency of increase in the prices of raw materials such as gypsum clinker, lime stone labour etc. and fuel prices and there is no like hood of getting lower bids, if a fresh tender is called for.

6. If there is delay in procuring cement, it will adversely affect the progress of Rural Development works and will lead to financial cuts in the central government allocation to various schemes and therefore the Director of Rural Development & Panchayat Raj has recommended the rate offered by the firms of Rs.230 per bag inclusive of all taxes, loading, unloading and stacking charges.

7. The Government after careful examination of the proposal of the CMD, TANCEM have decided to approve the price for a bag OPC cement @ Rs.230 with the following conditions.

1. The price is firm for a period of 10 months with a credit up to 15 days.
2. Cement to be supplied is 43 Grade OPC.
3. The price also includes transport, loading and unloading.

8. This order issues with the concurrence of Finance Department vide its U.O.No. Secy. 3072/FS/P/07 dated 24.9.2007.

(By order of the Governor)

K. ASHOK VARDHAN SHETTY
SECRETARY TO GOVERNMENT