

WEST BENGAL MINERAL DEVELOPMENT AND TRADING CORPORATION LIMITED  
(WBMDTCL)  
(Govt. of West Bengal Undertaking)

Revised scheme of Spot e-auction for sale of coal to Micro and Small industrial units of West Bengal

Date: 23.05.2013

**Objective:**

The purpose of e-Auction is to provide equal opportunity to purchase coal through single window service to the Micro and Small Scale industrial units as defined in **Micro Small and Medium Enterprises Development (MSMED) Act 2006** and situated in the state of West Bengal. E - Auction has been introduced to facilitate access to book coal online for all sections of Micro and Small units situated in the state of West Bengal enabling them to buy coal through a simple, transparent and consumer friendly system of marketing and distribution of coal.

**Terms & Conditions of e-Auction**

**1. Eligibility:**

Any Micro and Small scale industrial unit (as defined in Micro Small and Medium Enterprises Development (MSMED) Act 2006) situated in the state of West Bengal can participate in e-Auction for procurement of coal. Micro and Small scale industrial units should be engaged in the manufacture and production of any of the articles mentioned under the First Schedule of the Industries (Development and Regulation) Act, 1951 and a consumer of coal for the industrial unit.

**2. Registration:**

2.1 Before participation in the e-Auction, the Micro and Small industrial unit shall be required to get itself registered with the Service Provider for the purpose, by submitting an application in the prescribed format available on the website of the Service Provider. The application shall be made along with the notarized copies of following documents, viz;

- (a) Income-tax return for immediately completed preceding financial year.

*Note:*

- i) *If Income Tax return for immediately preceding year is not available, then the previous year return may be considered,*

- (b) PAN No.

*Note:*

- ii) If PAN allotted for new applicants but the card has not been received, in that case online copy of PAN with application copy may be considered for registration.*
- iii) If PAN card is lost and copy not available, then missing diary with the police authority along with copy of the application for reissuance may be considered for registration.*

(c) Form No. 27C:

*To avail non collection of tax at source under section 206C(1A) of the Income Tax Act (As amended by the Finance Act – 2012), consumers has to submit a declaration in Form No. 27C, duly verified in the manner indicated therein, under sub-section (1A) of section 206C of the Act to the effect that the Coal procured through the auction is to be utilised for the purposes of manufacturing, processing or producing articles or things and not for trading purposes.*

The declaration referred to above should be furnished in duplicate.

*Note: Tax will be deducted at source if declaration in Form No. 27C is not furnished.*

(d) VAT registration certificate.

*Note:*

- i) VAT registration is mandatory.*
- ii) If VAT registration certificate missing, then the copy of the police diary along with the copy of the application for reissuance may be considered for registration.*
- iii) For new applicant, VAT registration number allotted but certificate not received, then online copy of the VAT registration certificate along with the copy of application may be considered for registration.*
- iv) For claiming VAT exemption, copy of the application letter mentioning the category of industry along with Government circular or any letter issued by the competent authority for VAT exemption.*

(e) Receipted Copy of submission of Entrepreneur's Memorandum-II with the District Industries Centre certificate for small and micro category.

(f) Letter of recommendation issued by the concerned Ministry certifying the existence of the unit" would mean a "Letter to be issued by any Central/ State Ministry from the office of Secretary/Director of the Industries/District Industries Centre/ District Magistrate's office/Block Development office/Industry Officer or other equivalent office certifying the existence and end-use of coal. Consumers who are yet to receive the recommendation letter in spite of having applied for the same may submit any of the following documents :

- 1) Official communication from Ministry of Coal/Steel regarding Fuel Supply Agreement/Coal Linkage
- 2) Official document/NOC Annexure from SPCB certifying Coal as raw material for the unit

- 3) Certificate from BDO/Industry Officer regarding end-use of coal.
- (g) Sworn in affidavit in front of any Magistrate giving undertaking that coal bought under e-Auction would be for own use and will not be for resale, trade, export or transfer .
  - (h) Proof of existence of business entity like registered partnership deed / certificate of incorporation issued by the registrar of companies of the concerned state, wherever applicable,
  - (i) Two passport size photographs of the applicant.

2.2 After the registration, all-prospective Buyers will have an auto generated "Unique User ID" & a "password" based on which they can log in. Details of the registration process with the service provider will be available in their respective websites.

2.3 The service provider shall issue "Photo Identity Card" to their registered bidders duly authenticating the identity & signature, indicating a "Unique Registration Number" allotted to them.

2.4 Only one registration will be done against one PAN number.

### 3. Earnest Money Deposit (EMD):

3.1 All interested registered consumers shall be required to deposit in advance non-interest bearing Earnest Money Deposit (EMD) at the rate of Rs.200/- per tonne for coal with the Service Provider in terms of basic price of coal exclusive of taxes, duties and other charges as applicable before participating in e-Auction. This may be paid upfront by way of Bank Draft / Bankers P.O or by way of e-transfer.

### 4. Notification:

4.1 WBMDTCL would draw program for conducting at least one e-Auction per month and notify the same, minimum 7(seven) days in advance, through display on the company's notice board and putting the same on the Company's websites for wide publicity. The program will be intimated to the Service provider accordingly for hoisting the same on their websites also.

### 5. Bidding Process

5.1 The registered Bidders shall be required to record their acceptance after login, of the Terms & Conditions of the e-Auction before participation in the actual Bidding Process.

5.2 Before participating in e-Auction, bidders are to satisfy themselves with the quality of coal being offered from a source.

5.3 Prospective Bidders are entitled to Bid for the quantity to the extent of amount of EMD for which is available with the service provider in the bidder's account at the time of bidding. The minimum and maximum quantity for bidding would be 15 (fifteen) tonnes and 450 (four hundred and fifty) tones respectively.

5.4 The Buyers while bidding shall quote their "Bid price" per tonne in Indian Rupee as base coal price on FOR/FOB colliery basis, exclusive of other charges like statutory levies, surface transportation charges, sizing/beneficiation charges, taxes, cess, royalty, SED, & any other charges as will be applicable at the time of delivery. These charges shall be on the Buyers' account.

5.5 The bidder has to bid for a price equal to or above the reserve price to secure consideration in the concerned e-Auction.

5.6 The date, time and period of e-Auction as notified in advance including closing time on portal of service provider shall be adhered to but for the event of force majeure. However, the closing time of e- Auction will be automatically extended up to last Bid time, plus 5 minutes, so that opportunity is given to other Bidders for making an improved Bid on that item. If no improved bid is received within this 5 minutes, e-Auction process will stop, otherwise the bid will continue in the manner prescribed in 5.7.

5.7 The Bidder shall offer his Bid price (per tonne) in the increment of Rs.10/- (Rupees ten) during the Normal e-Auction period. During the extended period of first two (2) hours, the Bidder shall offer his Bid price in the increment of Rs.20/-. Beyond this extended period of two hours the bid price increment would be Rs. 50/- (Rs.Fifty ) only.

5.8 While maintaining the secrecy of Bidder's identity, the web site shall register and display on screen the lowest successful Bid price at that point of time. The system will not allow a Bidder to Bid in excess of his entitled quantity as per his EMD. However once a Bidder is out-bided by another (in part or full) the particular Bidder shall become eligible for making an improved Bid.

5.9 Following criteria would be adopted in deciding the successful bidders:-

- a) Precedence will be accorded to the highest bid price in the descending order (H1, H2, H3 and so on) as long as the offered quantity is available for allocation.
- b) If two or more buyers bid the same highest price, precedence for allotment will be accorded to the buyer who has placed the bid for the higher quantity.

- c) In case two or more buyers bid the same price and the same quantity, precedence will be given to the buyer who has accorded his bid first with reference to time.

6. Post e-Auction process:

6.1 The service provider shall issue Sales Order mentioning the detail of auction, winning quantity, winning price, total coal value and last date of payment to each successful bidder through e-mail / SMS on the same date after the closure of e-Auction. However, it will be the responsibility of the bidder to personally see and download the Sales Order displayed on website, on the same date after closure of e-Auction.

*6.2 The successful bidders after the e-Auction, will be required to deposit coal value in the designated bank account of WBMDTCL, within last date of payment (i.e. period of twelve working days, after the date of closing of e-Auction.)*

6.3 Equivalent amount of EMD of successful bidder corresponding to successful bid quantity, shall be blocked and will be transferred along with the coal value to WBMDTCL by the service provider.

7. Terms of payment:

7.1 The coal value to be deposited in advance by the successful bidders shall be computed and deposited after making provision for the EMD amount for the successful bid quantity already transferred by the service provider to WBMDTCL. In other words, the coal value to be deposited and EMD amount together, shall be equivalent to the 100 % coal value.

7.2 EMD amount shall not be treated as an adjustment towards the coal value but would stand converted into a 'Security Deposit' for performance of the bidders towards completion of the said transaction.

7.3 The above security deposit (as converted from the EMD amount) would be adjusted as coal value, only after completion of lifting of coal covered under coal value paid, excluding security deposit. However, in the event of default in performance by the bidder, the provision of forfeiture of the 'Security Deposit' (as converted from the EMD) as stipulated, would be applicable.

*7.4 The coal value is required to be deposited by way of RTGS/NEFT, in favour of WBMDTCL-Coal Sales Realisation Account in the designated branch of State Bank of India. The RTGS/NEFT payment slip for remitting the payment shall be generated by the website, needs to be used at the time of remitting the payment. The Bidder will be permitted to deposit the coal value in instalment with a maximum limit of four for a particular bid with a restriction of minimum quantity of 15 (fifteen five) tone per instalment. Sale/Delivery orders shall be issued after receipt of confirmation of payment from the bank on First cum First Serve basis and shall be delivered from the office of the service provider.*

*In case of successful bidders, if the coal value is deposited for less than the allotted Quantity but not below 50% of the allotted quantity or, 15 tonnes whichever is higher, WBMDTCL shall accept the payment for the said amount and forfeit the EMD for the failed quantity. However if the buyer fails to deposit the coal value for at least 50% of the allotted quantity or 15 tonnes whichever is higher then the entire EMD of the allotted quantity shall be forfeited.*

*7.5 WBMDTCL may give option of e-Payment and payment through Letter of Credit. The procedure for payment through Letter of Credit has been notified in the website of WBMDTC as well as in the websites of the Service Providers.*

#### **8. Procedure of Coal Delivery**

*8.1 WBMDTCL shall issue Delivery Orders to the successful bidders in terms of Clause 7.4 after realization of payment and the Delivery Order will be distributed by the service provider to the buyer or their Authorized representative from their office.*

*8.2 The validity period to complete lifting of coal by road shall be 60 days from the date of close of e-auction. No extension of validity will be allowed in any case.*

8.3 No complaint regarding over-loading, under loading and quality of coal will be entertained by WBMDTCL, however the Buyer himself or his authorized representative may supervise loading at the loading point. The authorized representative must carry valid authority letter along with photocopy of Identity Card issued by Service Provider.

8.4 The weighment at the loading end shall be final and binding for all commercial purposes.

#### **9. Refund of EMD for Unsuccessful bidders:-**

In case of unsuccessful bidders, EMD shall be refunded by the Service Provider after the auction is over, on the bidder's request. However, if no such request is received the Service Provider will retain the EMD for participation in e-Auction in future.

#### **10. Forfeiture of EMD: -**

The EMD submitted by the successful Bidders will be liable for forfeiture in the following cases:

10.1 If after completion of e-Auction, a successful bidder fails to make payment for the coal value including all other charges within the stipulated time (clause 6.2), the proportionate EMD equivalent to the failed quantity shall be forfeited subject to the provisions at Clause 7.4 and/or Clause 7.5 of this document, and/or,

10.2 If the successful bidder does not lift the booked quantity within the stipulated validity period, the proportionate Security Deposit @ Rs. 200/- per Tonne (as converted from the EMD amount) for the unlifted quantity would be forfeited. Such forfeiture shall be made only if the balance unlifted Quantity is equal or more than a Truck Load i.e.9 tonnes.

*Such forfeiture, however, would not take place if the WBMDTCL has failed to offer full or part of the successful bid quantity within the validity period.*

#### 11. Refund of Coal value:

The balance coal value of the unlifted quantity after the expiry of the validity period for supply of coal and completion of required commercial formalities shall be refunded subject to forfeiture of EMD if required, in terms of the forfeiture clause as above.

#### 12. General Terms & Conditions:

12.1 The coal procured under e-Auction is for the own use of the registered consumer / successful bidder within the State of West Bengal and not for Sale, Transfer or export.

12.2 All terms and conditions of Scheme are subject to force majeure conditions as applicable.

12.3 Bidders must always ensure to keep their email address valid. In any case Buyers cannot be absolved from fulfilling the responsibility of compliance of any of the terms and conditions herein including payment terms due to non-receipt of emails from the Service Provider.

12.4 Bidders must be extremely careful to avoid any error in bidding (whether typographical or otherwise) and they are fully responsible to check and rectify their bid before submitting their Bid into the live e- Auction floor by clicking the "Bid" button. During the auction if the incremental bid price is more than 50% of the immediate preceding bid price, then the system will seek a re-confirmation from the Bidder before the bid is registered.

12.5 There is no provision for bidding in decimals. The Bidder shall be solely responsible for all consequences arising out of the bid submitted by him (including any wrongful bidding by him) and no complaint /representation will be entertained by the Service Provider/WBMDTCL in this regard.

12.6 The decision of WBMDTCL in matters related to this e-Auction shall be final and binding on the bidders / Buyers.

12.7 Quantity mentioned in notice is only indicative and may undergo a change depending on factors like actual production of coal, bottlenecks in coal transportation etc.

12.8 There will not be any joint/ third party sampling facility extended to any buyer. Refusal on account of non-suitability and /or sub-standard quality for the allotted quantity of coal shall not be acceptable.

12.9 WBMDTCL / Service Provider reserve the right to cancel the sale of coal under this e-Auction from any source / location in part or whole at any stage at its sole discretion without assigning any reason thereof and no party shall have any right whatsoever to raise any claim in that regard on that count.

12.10 WBMDTCL reserves their rights to amend/modify and revise the terms and conditions contained herein in full or in part at any point of time and no party shall have any right whatsoever to raise any claim in that regard on that count.

12.11 Sale under each e-Auction shall be an individual, independent, unique and complete transaction.

#### 13. Dispute Resolution/Arbitration:

13.1 In the event of any dispute, Bidder / Buyer is necessarily required to represent in writing to WBMDTCL/ Service Provider, who would deal with the same in a period of one month from such representation. Thereafter, if required the matter be determined by the Managing Director of WBMDTCL. Any interpretation of any clause of this will be subject to clarification by WBMDTCL, which will be deemed as firm and final. All disputes arising out of this scheme, or in relation thereto in any form whatsoever shall be dealt exclusively by way of arbitration in terms of the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted at Calcutta at a place to be notified by WBMDTCL. The arbitrator shall be appointed by WBMDTCL upon written request in this behalf. The award rendered by the Arbitrator shall be final and binding on the parties.

#### 14. Acceptance of Terms & Conditions:

The consumer / bidder have to accept the Terms & Conditions before participating in e-Auction and also before issue of delivery order.