

## **BUSINESS RULES FOR REVERSE AUCTION**

### **1. APPLICABILITY**

- 1.1 Reverse Auctions are carried out under the framework of rules that are called Business Rules.
- 1.2 All vendors participating in Reverse Auction shall understand/accept and give an undertaking for compliance with the same to the Bank in the prescribed format Exhibit-A.
- 1.3 Any vendor not willing to submit such an undertaking shall be disqualified for further participation respecting the procurement in question.

### **2. ELIGIBILITY**

- 2.1 Bidders need to sign integrity pact as per Bank's prescribed format & covers under integrity pact in advance or at the time of submission of integrity pact by authorized signatory on or before last date & time of submission of bid with RFP fee & EMD cost. In case bidder fails to submit integrity pact on or before last date & time of submission of bid, bid will be liable for rejection.
- 2.2 Only vendors who have submitted integrity pact and prescribed undertaking to the Bank and who are technically qualified can participate in Reverse Auction relevant to the procurement for which RFP is floated.

### **3. COMPLIANCE/CONFIRMATION FROM VENDORS**

- 3.1 The vendors participating in Reverse Auction shall submit the following duly signed by the same Competent Authority who signs the offer documents in response to the RFP:
  - 3.1.1 Acceptance of Business Rules for Reverse Auction and undertaking as per format in Exhibit-A.
  - 3.1.2 Agreement between service provider and vendor. (This format will be given by the service provider prior to announcement of Reverse Auction.).
  - 3.1.3 Letter of authority authorizing the name/s of official/s to take part in Reverse Auction as per format in Exhibit-B.

#### 4. TRAINING

- 4.1 The Bank will facilitate training for participation in Reverse Auction either on its own or through the service provider for the Reverse Auction.
- 4.2 Where necessary, the Bank/service provider may also conduct a 'mock reverse auction' to familiarize the vendors with Reverse Auction process.
- 4.3 Any vendor/bidder not participating in training and/or 'mock reverse auction' shall do so at his own risk and it shall not be open for him to make any complaint/grievance later.

#### 5. TOTAL COST OF OWNERSHIP (TCO)

- 5.1 TCO refers to the aggregate amounts payable by the Bank for transfer of ownership.
- 5.2 TCO shall encompass but not be limited to the following:
  - 5.2.1 Cost of the equipment/product or services.
  - 5.2.2 License fee (Corporate or user specific as defined in RFP) including OS/Data Base/Application licenses).
  - 5.2.3 All existing taxes excluding GST/CGST/SGST/IGST, duties and levies.
  - 5.2.4 Installation and commissioning charges, if any.
  - 5.2.5 The prices should include the comprehensive onsite warranty maintenance of the equipments covering all components, services, and visits to the concerned offices as specified in the RFP.
  - 5.2.6 Annual Maintenance Charges for the period as specified in the RFP.
  - 5.2.7 Transportation and Forwarding charges to respective sites.
  - 5.2.8 Training costs for the product/service/equipment if and as defined in RFP.
  - 5.2.9 Service Level Agreement (SLA) costs as defined in RFP for applicable period.
  - 5.2.10 Facility Management/infrastructure support costs as defined in RFP.
  - 5.2.11 Insurance to cover the equipment for and from transit period till installation.
- 5.3 The TCO shall be arrived at after deducting 'buy back' costs involved and if/as defined in the RFP.

5.4 TCO, however, shall not include variables of octroi and entry tax. These shall be paid as per actuals and on production of receipts. However, no penalties respecting octroi or entry tax shall be paid by the Bank and the vendor shall bear such expenses.

## **6. DATE/TIME FOR TRAINING**

6.1 The Venue, Date, Time etc. for training in Reverse Auction shall be advised at the appropriate time.

6.2 The Bank shall endeavour to fix such Date/Time at mutual convenience to the vendor/s, service provider and the Bank.

6.3 No request for postponement/fixing of Training Date/Time shall be entertained which in the sole view and discretion of the Bank might result in any avoidable delay to either the Reverse Auction or the whole process of selection of vendor.

## **7. DATE/TIME OF REVERSE AUCTION**

7.1 The Date and Time of commencement of Reverse Auction as also Duration of 'Reverse Auction Time' shall be communicated at least 3 working Days prior to such auction Date.

7.2 Any force majeure or other condition leading to postponement of auction shall entitle the Bank to postponement of auction even after communication, but, the Bank shall be obliged to communicate to all participating vendors the 'postponement' prior to commencement of such 'Reverse Auction'.

## **8. CONDUCT OF REVERSE AUCTION**

8.1 The Reverse Auction shall be conducted on a specific web portal meant for this purpose.

8.2 The Reverse Auction may be conducted by the Bank itself or through a service provider specifically identified/appointed/empanelled by the Bank.

## **9. SERVICE PROVIDER'S ROLE & RESPONSIBILITIES**

9.1 In all Reverse Auctions conducted by the Bank through a Service Provider, the Bank shall enter into a separate agreement clearly detailing the role and responsibilities of the service provider hosting the web portal for the Reverse Auction.

- 9.2 For creating necessary obligations and rights, the service provider will also enter into an agreement with each vendor as per a format designed by him for this purpose. The Bank shall resolve any points/issues concerning such agreement of vendor and service provider.
- 9.3 While a Service Level Agreement (SLA) by the bank with the service provider is an arrangement for smooth and fair conduct of the Reverse Auction, the Bank shall be directly responsible to vendors for fair and transparent conduct of Reverse Auction.
- 9.4 The service provider at the end of each Reverse Auction shall provide the bank with all details of the bids and reports of reverse auction.
- 9.5 The service provider shall also archive the data pertaining to the Reverse Auction for a minimum period of 3 years.

#### 9.6 TRAINING AND AUCTION

- 9.6.1 Service provider / auctioneer is responsible for conduct of adequate training to all technically qualified bidders representing the reverse auction and bidding process.
- 9.6.2 Each vendor / bidder shall participate in the training at his / their own cost.
- 9.6.3 Wherever it is considered necessary and asked by the bidders or as decided by the auctioneer or by Bank a mock auction may also be conducted for the benefit of all concerned.
- 9.6.4 Authorized representatives of the bidders named in the authorization letter given by the vendor (Exhibit-B) shall be given unique user name, password by the service provider / auctioneer.
- 9.6.5 Each bidder shall change the password and edit the information in the registration page after receipt of initial password.
- 9.6.6 All the bids made from the log-in ID given to bidder shall ipso-facto be considered bid made by the vendor / bidder to whom log-in ID and password were assigned by the service provider / auctioneer.
- 9.6.7 Any bid once made through registered log-in ID / password by the vendor / bidder cannot be cancelled. The bidder, in other words, is bound to sell the “Offering” as per the RFP at the bid price of TCO.

9.6.8 Every successive bid by the bidder / vendor being decremental bidding shall replace the earlier bid automatically and the final bid as per the time and log-in ID shall prevail over the earlier bids.

9.6.9 The Bank shall conduct the reverse auction as per the Standard English reverse auction, that is, no two bids can have identical price from two different vendors. In other words, there shall never be a “Tie” in bids.

## 10. PROXY BID

10.1 A proxy bid is one where vendor can submit the lowest bid amount by him in strict confidence to the system directly. This obviates the need for him participating in the bidding process until the proxy bid amount is decrementally reached by other bidders.

10.2 When proxy bid amount is reached, the vendor has an option to revise the proxy bid amount or he can prefer to start participating in bidding process.

10.3 Since it is an English auction with no ties, two vendors submitting identical proxy bid amount and succeeding in auction simultaneously does not arise.

10.4 During training, the issue of proxy bidding will be clarified in detail by the service provider.

## 11. TRANSPARENCY IN BIDS

11.1 All bidders will be able to view during the auction time the current lowest price in portal. Bidder shall be able to view not only the lowest bid but also the last bid made by him at any point of time during the auction time.

## 12. MASKING OF NAMES

12.1 Names of bidders/ vendors shall be anonymously masked in the Reverse Auction process and vendors will be given suitable dummy names.

12.2 After completion of Reverse Auction, the service provider / auctioneer shall submit a report to the Bank with all details of bid and the original names of the bidders as also the L1 bidder with his / their original names.

## 13. START PRICE

13.1 Bank shall determine the start price either on its own or through asking for information of price band on TCO from each vendor at appropriate time during or at the conclusion of technical evaluation. Based on the price band so

informed by vendors, Bank may determine the start price for reverse auction by considering lowest indicative price or Bank may decide start price based on the similar procurement done in previous purchase, experience, enquiry from peer Bank, etc.

#### **14. DECREMENTAL BID VALUE**

- 14.1 The vendors shall be able to bid only at a specified decrement value and not at any other fractions. The Bid decrement value shall be Rs. 7500/- or 0.25% of the Start price of the Reverse Auction, whichever is higher.
- 14.2 The bid decrement value shall be rounded off to the nearest thousands of rupees.
- 14.3 For the sake of convenience of vendors, the web portal shall display the next possible decremental value of bid. It is not, however, obligatory on the part of vendors to bid at the next immediate lower level only. (That is, bids can be even at 2, 3, ..lower levels than the immediate lower level and it should not exceed 2% of start bid price at a time.)

#### **15. COPY OF BUSINESS RULES**

- 15.1 The Bank shall supply copy of the Business rules to any vendors / bidders, wishing to participate in the reverse auction. Such request shall be made in writing to the Bank by an authorized representative of the vendor.
- 15.2 The Bank shall also handover a copy of the Business Rules with a covering letter duly signed by an authorized signatory of the Bank.
- 15.3 For any dispute concerning the Business Rules, the hard copy of Business Rules supplied by the Bank for the reference of reverse auction process will alone be considered final and bidding.

#### **16. SPLITTING OF ORDERS**

- 16.1 If any RFP specifically authorizes splitting of orders for the sake of reducing dependency on single source of supply or provision of service, Bank is entitled to split the order in the order and as provided in RFP.
- 16.2 While splitting the order, Bank shall specify the maximum quantum for L1, L2 etc. in RFP.
- 16.3 In case L2 vendor is not willing to supply at L1 price, Bank shall call L3, L4 etc. in order to arrive at the split quantum to be awarded.

- 16.4 The Bank shall also be entitled to award the contract to L2, L3 or L4 etc. bidders in the event of L1 bidder backing out to honour the commitment, or for that matter not in a position to supply the offering as per RFP.

## **17. REVERSE AUCTION PROCESS**

- 17.1 In order to reduce the time involved in the procurement process, Bank shall be entitled to complete the entire procurement process through a single Reverse Auction. For this purpose, Bank shall do all it can to award the contract to L1 bidder or in the circumstances where awarding of contract may have to be done to the L2, L3 bidder as provided for in the RFP.
- 17.2 The Bank shall however, be entitled to cancel the procurement of Reverse Auction process, if in its view procurement or reverse auction process cannot be conducted in a fair manner and / or in the interest of the Bank.
- 17.3 The successful vendor shall be obliged to provide a Bill of Material at the last bid price at the close of auction.

## **18. EXPENDITURE ON REVERSE AUCTION**

- 18.1 All expenses of reverse auction shall be borne by the Bank.
- 18.2 Vendors, however, shall attend the training or mock auction at their own cost.

## **19. CHANGES IN BUSINESS RULES**

- 19.1 Any change in Business Rules as may become emergent and based on the experience gained shall be made only by a Committee of senior / top executives of the Bank.
- 19.2 Any / all changes made in Business Rules shall be uploaded in the Website immediately.
- 19.3 If any reverse auction process has commenced and a change is made in Business Rules, it shall be informed immediately to each vendor/ bidder and his concurrence to / acceptance of the change shall be obtained in writing by the Bank.

## **20. DON'TS APPLICABLE TO THE BIDDER/VENDOR**

- 20.1 No vendor shall involve himself / itself or any of his / its representative in any price manipulation directly or indirectly with other bidders. If any such practice comes to the notice, Bank shall disqualify the vendor / bidders concerned from the reverse auction process.

20.2 Bidder shall not disclose details of his bids or any other details concerning Reverse Auction process of the Bank to any other third party without specific permission in writing from the Bank.

20.3 Neither Bank nor service provider / auctioneer can be held responsible for consequential damages such as no power supply, system problem, inability to use the system, loss of electronic information, power interruptions, UPS failure, etc. (Bank shall, however, entertain any such issues of interruptions, problems with open mind and fair degree of transparency in the process before deciding to stop or extend the auction.)

## 21. GRIEVANCES REDRESSAL

21.1 Any aggrieved vendor / bidder through Reverse Auction process can make complaint in writing within 48 hours of the Reverse Auction to the Chief Compliance Officer of the Bank.

21.2 The Chief Compliance Officer along with the Chief Law Officer of the bank and Chief of Audit Dept. shall give personal hearing to the aggrieved bidder / vendor and decide upon the complaint / grievance.

21.3 Decision of the Grievance Redressal Committee shall be binding on the Bank as well as on all vendors participating in the Reverse Auction.

21.4 Any aggrieved vendor / bidder through Reverse Auction process can make representation in writing within 48 hours of the Reverse Auction to the IEM (Independent External Monitor) of the Bank.

## 22. ERRORS AND OMISSIONS

22.1 On any issue or area of material concern respecting Reverse Auction not specifically dealt with in these Business Rules, the decision of the bank shall be final and binding on all concerned.

\*\*\*\*\*



## EXHIBIT A - COMPLIANCE STATEMENT

(To be submitted by all the vendors participating in Reverse Auction)

Union Bank of India  
Technology Centre, 4th Floor,  
Department of Information Technology,  
Shri Adi Shankaracharya Marg,  
Opp. Powai Lake, Powai,  
Mumbai - 400 072

### DECLARATION

We \_\_\_\_\_ (name of the company) hereby confirm having submitted our bid for participating in Bank's RFP dated \_\_\_\_\_ for providing services of \_\_\_\_\_.

We also confirm having read the terms of RFP as well as the Business Rules relating to the Reverse Auction for this RFP process.

We hereby undertake and agree to abide by all the terms and conditions stipulated by Union Bank of India in the RFP document including all Annexure and the Business Rules for Reverse Auction.

We shall participate in the online auction conducted by \_\_\_\_\_ Ltd. (auction Company) and submit our commercial bid. We shall also abide by the procedures prescribed for online auction by the auction company.

We, hereby confirm that we will honour the Bids placed by us during the auction process, failing which we shall forfeit the EMD. We also understand that the bank may debar us from participating in future tenders.

We confirm having nominated Mr. \_\_\_\_\_, designated as \_\_\_\_\_ of our company to participate in the Reverse Auction on behalf of the company. We undertake that the company shall be bound by the bids made by him in Reverse Auction.

We undertake to submit the confirmation of last bid price by us to the auction company/Bank within 48 working hours of the completion of event. We also undertake to submit the Bill of Materials for the TCO (Total Cost of Ownership) in terms of RFP.

Signature with company seal

Company/ Organisation

Designation within Company / Organisation

Address of Company / Organisation

Date:

Name of Authorized Representative: \_\_\_\_\_

Signature of Authorized Representative: \_\_\_\_\_

Verified above signature

Signature of Competent Authority: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT B - LETTER OF AUTHORITY FOR PARTICIPATION IN REVERSE AUCTION**

To,

Union Bank of India  
Technology Centre, 4th Floor,  
Department of Information Technology,  
Shri Adi Shankaracharya Marg,  
Opp. Powai Lake, Powai,  
Mumbai - 400 072

We \_\_\_\_\_ (name of the company) have submitted our bid for participating in Bank's RFP dated \_\_\_\_\_ for providing services of \_\_\_\_\_.

We also confirm having read and understood the terms of RFP as well as the Business Rules relating to the Reverse Auction for this RFP process.

As per the terms of RFP and Business rules, we nominate Mr. \_\_\_\_\_, designated as \_\_\_\_\_ of our company to participate in the Reverse Auction.

We accordingly authorize Bank and / or the Auction Company to issue user ID and password to the above named official of the company.

Both Bank and the auction company shall contact the above named official for any and all matters relating to the Reverse Auction.

We, hereby confirm that we will honor the Bids placed by Mr. \_\_\_\_\_ on behalf of the company in the auction process, failing which Bank will forfeit the EMD. We agree and understand that the bank may debar us from participating in future tenders for any such failure on our part.

Signature with company seal

Name -

Company/Organization-

Designation within Company / Organization -

Address of Company / Organization -

Date:

Name of Authorized Representative: \_\_\_\_\_

Designation of Authorized Representative: \_\_\_\_\_

Signature of Authorized Representative: \_\_\_\_\_

Verified by: \_\_\_\_\_

Signature of Verifying Authority: \_\_\_\_\_

Date: \_\_\_\_\_