

**MAHANAGAR TELEPHONE NIGAM LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE)**

No. MTNL/20-96(3)/2012-MM/2015-16/Procurement Manual
Dated June 08, 2016

AMENDMENT No. 5

To,

Executive Director,
MTNL,
Delhi/Mumbai

Sub: Amendment to MTNL's Manual of Procurement of Telecom Equipment and Stores (July 2012).

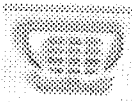
As per the approval of the Board of Directors of MTNL in the 314th meeting held on 30.05.2016 Amendment to the 2nd edition of MTNL's Manual of Procurement of Telecom Equipment and Stores (July 2012), is hereby authorized.

S. No.	Clause No.	Existing Provision	Amended provision
1	Clause 1 of Section IV B (Annual Maintenance Contract)	It shall be mandatory for the bidders to undertake the Annual maintenance contract for _____ years* to be signed at the time of acceptance of APO for entire quantity proposed to be ordered. The selected bidder has to submit a signed copy of the AMC agreement along with the A.P.O. acceptance of APO for entire quantity proposed to be ordered. The selected bidder has to submit a signed copy of the AMC agreement along with the A.P.O. acceptance letter.	1.1 It shall be mandatory for the bidders to undertake the Annual maintenance contract for _____ years* to be signed at the time of acceptance of APO for entire quantity proposed to be ordered. The selected bidder has to submit a signed copy of the AMC agreement along with the A.P.O. acceptance letter. 1.2 In all tenders related to procurement of Apparatus & Equipments, wherever AMC is required, the Quote shall be asked for a 9 year period post 1 year warranty. It shall be mandatory for the bidders to undertake the Annual maintenance contract for 9 years to be signed at the time of acceptance of APO for entire quantity proposed to be ordered. The selected bidder has to submit a signed copy of the AMC agreement along with the A.P.O. acceptance letter.

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<p>ordered. The selected bidder has to submit a signed copy of the AMC agreement along with the A.P.O. acceptance letter.</p> <p>1.3 Any equipment de-loaded during the AMC period reflecting in reduced capitalization will reduce the AMC amount proportionately.</p> <p>1.4 However MTNL shall reserve its right to terminate AMC in any of following situations-</p> <p>(i) Equipment getting de-commissioned (ii) MTNL decide not to continue with AMC</p> <p>In both situation as above, a three month notice shall be given by MTNL to the bidder to terminate/discontinue the AMC.</p>			2.
<p>1.2.1 The yearly AMC prices quoted by the bidder(s) in percentage of equipment cost shall be worked out & transformed in NPV, for entire AMC period, subject to minimum of 3 % per year, for the purpose of evaluation.</p> <p>1.2.2 Whenever a vendor quotes less than 3% AMC rate post warranty, his bid will be evaluated assuming minimum 3% AMC quote but payment will be made as per rates actually quoted and simultaneously MTNL shall withhold the payment of equipment to bidder equivalent to difference in AMC value at 3% rate and quoted rate for all those</p>	<p>The yearly AMC prices quoted by the bidder(s) in percentage of equipment cost shall be worked out & transformed in NPV, for entire AMC period, subject to minimum of 3 % per year, for the purpose of evaluation.</p> <p>(The concerned Planning cell should specify the minimum charge in</p>	<p>Clause 2.2 of Section IV B (Annual Maintenance Contract):</p>	

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<p>percentage for AMC for evaluation purpose). years where AMC quote is less than 3%. This differential amount withheld for AMC shall be released on completion of AMC period for a particular year.</p>	<p>3.</p>	<p>Following is hereby added as Clause 8 in Section IV B (Annual Maintenance Contract)</p> <p>8 : End of Life or End of Service Equipment</p> <p>In the tenders it should be specifically mentioned that equipment being procured must be supported for minimum 10 year post warranty period. OEM should give an Undertaking in this regard and tender should specifically state that MTNL will also have the right to seek AMC support from OEM beyond 10 year if OEM is supporting such equipment anywhere globally.</p>																								
<p>4.</p>	<p>Following is hereby added as Clause 9 in Section IV B (Annual Maintenance Contract):</p> <p>9 : Bidder will be bound to offer AMC post 9th year in case OEM is supporting such equipment anywhere globally. In case OEM is not offering support anywhere globally during period after 9 years of AMC, bidder has to submit a certificate from OEM that no support is being offered anywhere globally by OEM for such version/type of equipment.</p>	<p>5.</p>																								
<p>Following is hereby added as Annexure-2 of Section IV B - Annual Maintenance Contract as guidelines for finalization of rates of AMC beyond tendered AMC period:</p> <p>(i) In case of AMC beyond 9 years the average rate of AMC will be worked out for 9 year period and such worked out rate will be taken as middle year rate i.e. 5th year for calculation. The CAGR will be calculated for 9 year period. Increase due to CAGR rate in AMC will be notionally worked out from 6th year onwards upto 9th year based on average rate duly increased by CAGR rate for each year. The 10th, 11th, 12th year and subsequent years thereafter the AMC rate will be worked out by giving enhancement for each year based on CAGR rate as quoted by the bidder for first nine years.</p>	<p>Calculation of AMC rate from 10th year onwards</p> <table border="1"> <thead> <tr> <th>Year</th> <th>tender AMC rate</th> <th>average AMC rate</th> <th>CAGR (%)</th> <th>Notional AMC</th> <th>actual AMC</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>3%</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2nd</td> <td>3.5%</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3rd</td> <td>4%</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Year	tender AMC rate	average AMC rate	CAGR (%)	Notional AMC	actual AMC	1 st	3%					2 nd	3.5%					3 rd	4%					<p>5.</p>
Year	tender AMC rate	average AMC rate	CAGR (%)	Notional AMC	actual AMC																					
1 st	3%																									
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3 rd	4%																									

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4 th	4.5%			
5 th	5%	5%		
6 th	5.5%	5.49%		
7 th	6%	6.03%		6%
8 th	6.5%	6.63%		6.5%
9 th	7%	7.28%	9.87%	7%
10 th	-	8%		8%
11 th	-	8.79%		8.80%
12 th	-	9.66%		9.66%

❖ Notional AMC rate will be calculated from the 6th year by multiplying annual CAGR (Cumulative Annual Growth Rate) with the average AMC rate in the middle year i.e. 5th year.

Notional AMC Rate for 6th Year = $\{(9.87 \times 5) / 100\} + 5 = 5.49$
 and so on
 Notional AMC Rate for 7th Year = $\{(9.87 \times 5.49) / 100\} + 5.49 = 6.03$

❖ For 6th, 7th, 8th & 9th year, the quoted rate will be paid on actual basis.
 ❖ For 10th year onwards, the AMC will be paid @ rate obtained by multiplying by CAGR figure as per the above calculation methodology.

❖ Calculation of CAGR:

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{\# of years}}} - 1$$

$$CAGR = \left(\frac{\text{9th Year AMC Value}}{\text{1st Year AMC Value}} \right)^{\frac{1}{9}} - 1$$

❖ Calculation of Average AMC:
 Average AMC = Sum of AMC of all the nine years / 9 (i.e. No. of Years of AMC)

(ii) For AMC support after 9th year post warranty (10th year onwards) the method for calculation of AMC value may be adopted as above i.e. based on average CAGR of 9 years. Hence AMC rate may be enhanced for 10th year onward based on average CAGR of previous 9 years. However AMC rate beyond 9th year shall not be used for financial evaluation of bid.

(iii) In case of AMC beyond tendered period, AMC will be paid as per the rate worked out in above para which provide

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1. CVO, MTNL, CO
2. PGM (D)/(O), MTNL, Delhi/Mumbai
3. GM(HR)/GM(Fin.), MTNL, CO
4. GM (IT)/GM(Pig. & Tech.), MTNL, CO
5. GM (IT), MTNL, Delhi/Mumbai
6. G.M (MM), MTNL Mumbai/Delhi
7. GM (Fin), MTNL, Delhi/Mumbai
8. CES (Elec. & Civil), MTNL Delhi/Mumbai
9. CS as ATR

Copy to:-

(Kulwant Chand)
DGM (MM)

8.6.2016
Kulw

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mechanism for automatic increase in AMC rate based on
CAGR.

