



Indian Institute of Technology Bhubaneswar
Bhubaneswar -751 013
www.iitbbs.ac.in

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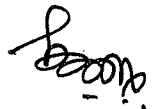
OFFICE ORDER NO.152/2017

Subject: Institute Annual Maintenance Contracts (AMC) Policy.

The undersigned is directed to convey that the Board of Governors of the Institute in its 25th meeting held on 29.11.2016 approved Annual Maintenance Contracts (AMC) Policy for implementation in the Institute with immediate effect. A copy of the AMC Policy is enclosed.

Chairman, CIF is requested to take necessary follow up action.

Encl.: As stated.


(D Gunasekaran)
Registrar

To

1. Chairman, CIF

Copy to:

1. All Deans/ HoSs / Academic Coordinators
2. All PICs / Chairmen / Coordinators
3. President, Students Gymkhana
4. Warden/Assistant Wardens
5. Deputy Librarian
6. Superintending Engineer (Civil)
7. Deputy Registrar (F&A)
8. Assistant Executive Engineer (Electrical)
9. All Assistant Registrars
10. Student Counsellor
11. Career Development and Placement Officer
12. Medical Officer
13. Secretary to Director/ Registrar
14. Guard File, BoG

IIT Bhubaneswar

Policy on Annual Maintenance Contracts

- i. *Procurement of valuable equipment be made with warranty ranging from 3 to 5 years with preference for 5 years. Also while making the procurement, the indenter should ensure that the equipment is not obsolete in next five years.*
- ii. Depending on the cost and nature of the equipment purchased, it may be necessary to enter in to maintenance contract (s) for suitable period either with the supplier of the equipment or original equipment manufacturer or with any other competent firm, not necessarily the supplier of the equipment.
- iii. All equipment should be maintained free of charge by the principal company or their authorized service providers within the warranty period and any extended periods as outlined in the terms of purchase contract.
- iv. The faculty-in-charge (PIC) in charge of machines/equipment after the completion of warrantee period and comprehensive maintenance contract should explore the possibility of maintaining the machine/equipment as on when required basis which can avoid costly maintenance contract (s). Generally, the faculty-in-charge (PIC) are well conversant with the subsystems/critical components of machines/equipment under their charge and it is expected that in case of critical components and subsystem failure their replacements can be arranged from vendors which may not be necessarily the original equipment manufacturer. Such practices will save lots of expenditure for the institute. The PIC are encouraged to maintain a database of such service providers to maintain the equipment as on when required basis to avoid costly maintenance contract (s). *Many a times this mode may be more economical than AMC. However effort be put in to see that this mode should not suffer due to delayed actions on repairs.*
- v. On expiry of warranty, equipments may be put under Annual Maintenance Contract (AMC) as per the institute guidelines. The AMC should be preferably purchased from the manufacturer / manufacturer's authorized supplier wherever possible. Proposal for purchase of AMC will have to be initiated by the faculty-in-charge (PIC) through the head of department and sent to the office of *competent authority* for approval. For

instrument under CIF, the proposals should be initiated by the PIC through head of the department and sent to the Office of Chairman CIF.

- vi. The annual maintenance contract, repair contract, repair work from the manufacturer / manufacturer's authorized supplier, in respect of various equipment in the schools, may be entered into for maximum of 3-8 % of the equipment. The stated cost is excluding the cost of machine operator's expenditure whose service may be required based on merit of the case.
- vii. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. Care has to be taken in regards to the general rate of usage of the machine/equipment. Maintenance contracts for sparingly used costly equipment should be avoided or at best be decided by a committee. Here, sparingly used means no daily usage of the machine and non-involvement of more than two schools in operating and use of the machine.
- viii. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract term may provide as per the purchase rule of institute and the paid maintenance should commence only thereafter.
- ix. If the maintenance contract is to be entered into with the supplier of the goods, then suitable clause for this purpose are to be incorporated in the tender document itself and while evaluating the offers, the cost component towards maintenance of the goods are also to be added in the evaluated tender value on overall basis to decide the relative ranking of the responsive tenders. Total cost on purchase and maintenance of the equipment over its projected lifecycle should be assessed to consider its suitability for purchase.
- x. If the maintenance contract is to be entered in to with a competent and eligible supplier separately other than the original equipment manufacturer, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked according for placement of maintenance contract.

- xi. The detail of the services required for maintenance of the equipment, the required period of maintenance and other relevant terms and conditions including payment terms are to be incorporated in the tender document. The terms of payment for the maintenance service will depend on the nature of the equipment to be maintained as well as the nature of the services that is needed. Preferably, payment for maintenance should be made on half-yearly or quarterly basis.
- xii. Provision should be incorporated in the tender document and in the resultant maintenance contract indicating that the prices charged by maintenance contractor should not exceed the prevailing rates charged by it from others for similar services.
- xiii. The tender document for maintenance contract must include a suitable provision to withdraw the maintenance contract due to any unforeseen reason. However, while terminating the contract, if any payment is due to the contractor for maintenance services already performed in terms of the contract, the same should be paid to it as per the contract terms. Depending on the cost and nature of the equipment to be maintained, suitable notice period for such cancellation to come into effect should be included in the documents.
- xiv. The purchase committee (PC) may decide on the merits of each case the necessity of entering into maintenance contracts on comprehensive basis or on call basis or on non-comprehensive basis.
- xv. Indent Forms for award of new/renewal of AMC may be used quoting the budgetary provisions. AMC should be from a prospective date. In order to ensure this, the PIC through HoD/HoC shall be required to initiate the renewal of AMC at least 90 (Ninety) days before the expiry of existing AMC/Warranty.
- xvi. In case of renewal, the service report/log book should be sent along with the proposal *and the down time of the equipment be mentioned in the note*. In case of any increase in the AMC cost (compared to previous year's AMC) necessary justification for increase in price may be obtained from the firm and enclosed along with the indent.

- xvii. AMCs, in general, should be done on a yearly basis. AMCs for more than one year may only be considered when a significant cost benefit can be obtained. Comparative statements showing the difference in cost has to be provided justifying the benefits thereof.
- xviii. The number of AMC visits, the duration for each visit and *quality of service* should be clearly mentioned in the AMC contract and adhered to by the company.
- xix. Quarterly/periodic payment after satisfactory performance/service visits is encouraged. Advance payment, if required, can be allowed to cover only six months of AMC charges. In all cases, quotations will be invited and Institute purchase rules shall be adhered to.
- xx. The school/centre should maintain a detailed list of instruments under AMC and Warranty, a copy of it must be forwarded to the office of R&D and CIF as necessary for placing the same for verification of auditors as and when required.
- xxi. A copy of the Job/Service card should be retained so that the summary of the visits can be viewed instantly which will also enable AMC payments seamlessly.
- xxii. A preventive maintenance schedule should be formulated and followed upon by the PIC. This schedule may be displayed at an appropriate place within the department/centre for regular monitoring of the visit(s). In case of defaulters the PICs through HoD/HoS will initiate necessary action for timely maintenance.