GUJARAT STATE FERTILIZERS & CHEMICALS LTD,
P.O. FERTILIZER NAGAR,
VADODARA-391750

Notice Inviting RFP No: GSFC/Franchise outlet/2016 Dated: 6/8/2016

REQUEST FOR PROPOSAL (RFP) FOR OPERATING OUTLETS ON FRANCHISE MODEL FOR FERTILIZERS & OTHER AGRO PRODUCTS IN VARIOUS DISTRICTS OF GUJARAT

Gujarat State Fertilizers & Chemicals Ltd, Vadodara (GSFC), promoted by Government of Gujarat is committed to bring all-round upliftment of Gujarat farmers through improved productivity. Company consistently strives to provide quality inputs and updated farm advisory services to the farmers through its retail chain of more than 200 Farm Information Centre-cum-depots operating for last many years.

In order to strengthen our efforts in this direction, on behalf of the GSFC, the Sr. Vice President (Agri Business) invites proposals from such business partners who are prepared to adopt our business philosophy and ready for opening / operating selected outlets on franchise model under the administrative control of GSFC. Details of the criteria fixed by the company for developing such mutual partnership are uploaded on our web site www.gsfclimited.com. Sound organisations willing to join hands with GSFC may submit their application, duly supported with relevant documents to GSFC latest by 31st August 2016.

Sd/-
S. P. Yadav
Sr. Vice President (Agri Business)
Gujarat State Fertilizers & Chemicals Ltd.
Vadodara, Gujarat

Disclaimer

This RFP is being issued by Gujarat State Fertilizers & Chemicals Ltd, Vadodara for inviting proposals from such business partners who are prepared to open/operate our selected retail outlets on franchise basis under the administrative control of GSFC in Gujarat, on such terms and conditions and for the achievement of objectives of the company set forth in this RFP by or on behalf of the Authority or any of its authorized representatives.

It is hereby clarified that this RFP is not an agreement and is not an offer or invitation to any party. The purpose of this RFP is to provide the bidder(s) with information to assist him/them in the formulation of their proposals. While the issuer has taken due care in the preparation of information contained herein and believes it to be correct to the best of its knowledge and belief. However, neither the issuer, nor any of its representatives, officers, employees, agents or advisors give any warranty or make any representation, express or implied, as to the completeness or accuracy of the information contained in this document or any information which may be provided in association with it.

The information is not intended to be exhaustive and the bidders are required to make their own inquiries that they may require in order to submit their bids. The information is provided on the basis that it is non–binding on the issuer, any of its authorities or agencies or any of their respective officers, employees, agents or advisors.

The issuer reserves the right to not proceed with the proposed RPF at any stage, or to change the process or procedure to be applied, without assigning any reasons thereof. It also reserves the right to decline to discuss the proposal further with any party/parties submitting their offer (s).

No reimbursement of cost of any type will be paid to persons or entities submitting the RPF.

DEFINITION

“Annexure” shall mean and include the annexure so affixed at the end of this RFP document and none other;

“GSFC” means the Gujarat State Fertilizers & Chemicals Ltd. and shall include its authorized successors and /or committee formed if any, and their assigns and members.

“FCO” shall mean the Fertilizer Control Order.

”FMS” means Fertilizer Monitoring System.

”mFMS” means mobile based Fertilizer Monitoring System.

“Organisation” means the Authority, willing to operate the franchise outlets.

“Bidder” means an organisation responding to RFP

“Criteria” means the standards fixed for evaluation of the proposals.

“Score card” means the numbers assigned to individual criteria for evaluation.

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Summary of Proposal		
Sr. No.	**Introduction**	**Particulars**
1.	**Nature of the Business**	Trading arrangement through retail outlets-opening / operating on franchise model. Outlets will have identical look, having co-branding of GSFC & the marketing organization as per the design and colour scheme finalized by GSFC. Each outlet will have to maintain minimum standards of space, display, infrastructure specified by the company. It would market various fertilizers & agro inputs being supplied by GSFC on non-compete basis. Over and above products supplied by GSFC, the franchise outlets may sell other co-products of other suppliers, as mutually decided by GSFC & the franchise organization.
2.	**Services expected to be rendered through franchise outlets**	Besides selling products, franchise outlets will carry out various promotional & extension projects as decided by GSFC from time to time and will provide farm advisory services to the farming community on continuous basis in the given area of individual franchise. Such retail outlets should be model outlets, as per the criteria fixed by Govt. of India as depicted in attached annexure-1. The franchise will also be required to facilitate services for soil & water testing, seed testing etc to the farmers as per the policy of GSFC in this regard. It will be obligatory on the part of franchise to strengthen the brand image of GSFC in the minds of the farmers being served in given territory. Franchise would also develop a data base of the farmers in the given territory and share such information about the customer profile with GSFC. In between existing data base with GSFC to be extended to the franchise. The Franchise organization should have to open/operate minimum 15 retail outlets
3.	**Maintenance of the Outlet- Godown**	In order to encourage franchise model of business and to facilitate in improving business viability of the chain, for initial period of 1 year,

		GSFC will contribute lump sum amount of Rs. 5000/Month per outlet towards maintenance of retail outlet & godown. The same would be paid by way of credit note at the end of every quarter, subject to satisfactory business performance of individual outlets.
4.	**Tenure of the Franchise arrangement**	Initially Franchise arrangement will be made for Five years, which will extendable by another block of five years, subject to satisfactory business performance by individual outlets.
5.	**Performance Bank Guarantee**	The franchise would be required to give us Bank Guarantee of Rs. 10 Lac (Minimum) per outlet towards business security. Amount of BG would be reviewed based on overall business volumes on annual basis at a later time.
6.	**Man power criteria**	It is mandatory that the retail outlet shall be operated by Agriculture graduates / post-graduates having minimum qualification of BRS/BSc(Agri). The outlet in-charge should have sound technical knowledge on scientific farming and also should have good communication skill in local language. The outlet in-charge should be fully conversant with government regulations for fertilizers and other agro products, including FCO, FMS, mFMS compliance. GSFC will extend the training to franchise staff for 10 days in a year.
7.	**Supply arrangement**	All products of the company, including traded goods, will be supplied on FOR basis at the respective outlets. In no case, goods once supplied by GSFC will be taken back, unless there is some kind of quality issues. GSFC has floated its subsidiary company named Gujarat Agri-Tech Ltd (GATL), especially for production and marketing of Agri input products. Therefore, all such products of GATL would also be supplied to franchise outlets. In future, GSFC may transfer Franchise outlets to GATL, however, the entire product range of

		GSFC & GATL will continue to be supplied to the franchise outlets with the terms & conditions covered in the RFP.
8.	**Order processing**	All products would be supplied against the firm indents received for various outlets. Normally the products would be delivered in a week's time after receipt of written indents.
9.	**Credit terms for supply**	Supplies of fertilizers will be made on normal 30 days credit from date of supply. However, during off season extended credit may be considered by the company on merit within the overall policy of GSFC. For agro inputs & other traded goods, the credit policy would be applicable as per the policy decided by GSFC / its subsidiary company for individual products from time to time.
10.	**Interest on late payment**	In case of any delay in deposition of payments beyond stipulated credit period, LD interest would be charged as per prevailing policy of GSFC. Present rate of charging LD interest is 18 % per annum.
11.	**Tax liabilities**	Usually all products would be supplied to the franchise inclusive of taxes & duties. However, any additional statutory levy applicable at retail level has to be complied by franchise.
12.	**Inspection by GSFC**	Being principal, GSFC will reserve right to inspect the retail outlet/godown of the franchise at any time and can also verify the business approach of the franchise through market sources. In case of finding any irregularities in conducting the business through franchise, GSFC will devise a formatted flow of information for evaluating the performance of such outlets, manually or through some kind of retail software. GSFC may impose financial penalty or even will have all rights to suspend the business with such outlets immediately, without assigning any reasons.
13.	**Termination conditions**	Under the following circumstances, GSFC will terminate the franchise arrangement. i) Bankruptcy of the franchise organisation.

		ii) Non-payments/delayed payments of due amount. iii) Over charging than the prices stipulated by the company. iv) Not meeting minimum 50% of the annual targets. v) On the basis of serious complaints received from farmers. vi) Business malpractice of adulteration noticed in any of the products dealt under franchise arrangement. vii) Violation of statutory requirements.
14.	**Dispute Resolution:**	In the event of any dispute, difference, controversy or claim arising out of or relating to this Franchise arrangement, during the continuance of the arrangement or after the completion thereof, which cannot be amicably settled between the Parties shall be first referred to the Review Committee who shall hear all the Parties and amicably settle the disputes. Further, if the dispute remains unresolved, the same shall be referred to and finally resolved by an arbitration panel constituted under the provisions of the Indian Arbitration and Conciliation Act, 1996 and/ or its statutory modifications, if any. Each Party to the dispute shall appoint one arbitrator each and the appointed arbitrator shall appoint the third arbitrator (umpire). The arbitration proceedings shall be conducted in English. The seat of Arbitration shall be at Vadodara. The Arbitration award shall be final and binding upon Parties. The principles of natural justice must be observed in the arbitration proceedings.
15.	**Governing Law and Jurisdiction:**	The provisions, terms and conditions of the Franchise arrangement, validity and performance shall be governed by and in accordance with the laws of India and competent courts of Vadodara, Gujarat shall have the exclusive jurisdiction relating to matters under this Franchise arrangement.
16.	**Assignment:**	The Parties hereby agree and undertake that assignment of any of its rights and liabilities cannot be permitted to any third party at any cost.

ANNEXURE- I

F. No.21-3/2016-FM
Government of India,
Ministry of Chemicals & Fertilizers,
Department of Fertilizers,
(Movement Division)

Shastri Bhawan, New Delhi,
Dated the 13th July, 2016

OFFICE MEMORANDUM

Subject: Guidelines for opening of Model Fertilizer Retail Shops all over the country.

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The undersigned is directed to invite a reference to the announcement in the Budget Session 2016-17 of Parliament for opening of Model Fertilizer Retail Shops all over the country and in supersession of O.M. of even number dated 13th June, 2016 on the above cited subject, the following revised guidelines have been prepared for opening of Model Fertilizer Retail Shops across the country.

1. A Model Fertilizer Retail Shops may have such a reasonable size to ensure that all the required services are delivered without any hindrance. It should have enough space to store all the required products.

2. Model Fertilizer Retail Shops will provide better Agri-inputs and services to the farmers under one roof to improve farm productivity/income. The services are divided into two categories (i) Mandatory and (ii) Optional

MANDATORY SERVICES

i. Fertilizers Product - The product being manufactured/traded by the respective company.
ii. Soil testing facility.
iii. Testing of the seed samples.
iv. Selling of quality fertilizers.
v. Selling of products at genuine rates.
vi. Display of product/services available.
vii. Selling of Organic fertilizers/ Bio-fertilizers &compost.
viii. Assisting farmers in soil analysis and application of nutrients based on soil test.
ix. Promotion of integrated and balanced use of nutrients.
x. Adoption of package of practices of various crops.
xi. Weather forecast.

OPTIONAL SERVICES

Farm Implements

- Custom hiring of equipments such as tractors, laser levelers, rotavator, crop harvester and thrashers, etc.
- Hiring of sprayers/dusters including power sprayers and hand driven sprayers.
- Sale of small implements like spades and sickles.
- Selling of Pesticides & Seeds.
- Crop insurance.

3. The Model Fertilizer Retail Shops should facilitate in testing of soil samples to be provided by the farmers at their respective centres. This may be linked to nearby soil testing laboratories of State Department of Agriculture, Agriculture Universities, ICAR institutes, NGOs and fertilizer companies. The incharge of Model Fertilizer Retail Shops will provide advisory services to the farmers to use fertilizers on soil test basis.

4. To maintain the standards, it is required that quarterly certificate should be given by the company regarding the quality mandatory services provided at genuine price. For each Model Fertilizer Retail Shop, the company should nominate one Mentor to monitor the working of the Model Fertilizer Retail Shop and a report of the mentor should be there.

5. Company-wise target for opening of Model Fertilizer Retail Shops is **annexed.** It is desired that this target should be achieved in one year, by upgrading the existing retail outlets and by opening new Model Fertilizer Retail Shops on its own/through franchise and every quarter the company should submit the progress report.

(Sushil Kumar Lohani)
Joint Secretary to the Govt. of India
Tele: 23381294

To: DG, FAI & MD/CMD OF ALL MANUFACTURERS/IMPORTERS OF FERTILIZERS

Annexure-2

Criteria for evaluation of Franchise business organization

Sr. No.	Particulars	Score Card
1.0	Nature of the business of the organization, Promoters Profile, CV of key officials, Profile of the Board, Current business turnover in agri input products: Minimum Rs 250 Crore per annum. Requested to submit audited report for FY 2015-16 along with application.	35
2.0	Should have their own established distribution network at retail level with minimum 10 outlets. Specify details of fulltime employees currently deployed for retail business along with their qualification and experience.	35
3.0	Approach & Methodology : (a) Shall submit an undertaking through authorized signatory that they will carry on extensive promotional work in line with policies decided by GSFC, which includes Farm demonstrations, Night meetings, Large scale farmers meet, Participating in fare & festivals etc. (b) Shall submit an undertaking by authorized signatory showing willingness to make investment upto Rs. 1 Lac per outlet for upgrading existing depots/ opening new outlets. These outlets will have identical look as per the design and layout finalized by GSFC. The outlet shall be essentially equipped with adequate sitting space for customers, drinking water facilities, appropriate literature & product display place, toilet block etc. (c) Should be fully conversant with government regulations for fertilizer and other agro products, including FCO, FMS, mFMS compliance. Shall submit copies of relevant licenses, VAT registration, mFMS IDs etc with application along with names of key persons and their CV.	5 10 5
4.0	Will have to generate guaranteed annual sales turnover of minimum Rs.20 Crore from block of every 15 outlets, with minimum assured turnover of Rs.75 Lacs per outlet.	10
	Total	100

Following broad criteria are expected to be fulfilled by the prospective applicants, with minimum score of 75 to get qualified for the proposed business association.

Annexure – 3

Products & Services to be offered under Franchise arrangement

Sr. No.	Particulars
Out of Own Production of GSFC/GATL/Imported	
1.0	Neem Coated Urea
2.0	Ammonium Sulphate
3.0	Ammonium Phosphate Sulphate
4.0	Di-Ammonium Phosphate
5.0	NPK 10 (10:26:26)
6.0	NPK 12 (12:32:16)
7.0	WSF (Various Grades)
8.0	Sardar Amin
9.0	Phospho Gypsum (Bagged)
10.0	TCB PLants
11.0	Sardar Nirmal / Compost
12.0	Sardar VAM
13.0	Liquid Bio-Fertilizers (LBF)
14.0	Micro Mix
15.0	Sardar Seeds
Traded Goods :	
16.0	Pesticides
17.0	Zinc Sulphate
18.0	Murate of Potash
19.0	Urea
Services :	
20.0	Installation of MIS
21.0	Servicing of MIS installations on chargeable basis
22.0	Soil & Water testing on chargeable basis
23.0	Seed testing on chargeable basis
24.0	Enrolment of members for Krishi Jivan Magazine