

CHAPTER 9 OF DPM -2009

PROCUREMENT OF GOODS AND SERVICES FROM FOREIGN COUNTRIES

“Goods and Services”
whereas DPM -06 was only
for Revenue procurement of
stores

Provision of this Chapter are also applicable for certain Capital items following Revenue route as notified by Finance(Bud) in 2007/08.

(Ref: Para 1.2.2 of DPM-2009)

First Stage

Indent –Detailed information(Para 9.2.1 of DPM 2009).

Document need to be furnished along with the indent (Para 9.2.2. of DPM 2009).

Proposal should figure in APP and Actual availability of fund is not a pre-requisite condition(Para 5.2.5. of DPM 2009).

Vendor selection/procedure for registration

Para 9.3.1- Existing procedure would be followed till formulation of common guidelines(**New feature**).

Consultation/help of Indian Embassy abroad.

Vendors registered with other services /DRDO/DPSU/DGS&D for similar items could be considered. Prospective vendors are to be indicated in indent for perusal of CFA/IFA.

MODE OF TENDERING

1. GTE/ATE/OTE.
2. LTE.
3. STE without PAC-more flexibility(Para 9.5.4).
4. PAC- more flexibility – linked with Delegation of Financial Power - **New feature**.
5. PAC format-Para 4.5.4 and provision contained in Chapter 4 would be followed.

SINGLE BID SYSTEM /TWO BID SYSTEM

- Technical bid/Financial bid.
- TEC-Acceptance of Report by CFA(exception RM & Defence Secretary).
- IFA can also be associated as and when required basis in examination of the TEC report subject to approval of CFA(New feature).

Provision contained in Chapter 4 would be followed

PROCESSING OF PROPOSAL FOR CFA APPROVAL(PARA 9.6)

Provision contained in Chapter 5 would be followed.

SoC/draft NIT/draft RFP/estimated cost/basis of estimation etc for IFA's concurrence/CFA's approval.

Objective – Save the time/Minimize the Delay.

RFP – REQUEST FOR PROPOSAL

Most Important document- Appendix 'C' of DPM 09.

True & composite reflection of indent and SCOC.

Requires special attention-Para 9.7.1 to para 9.7.29.

Para 9.7.1 – RFP format-Appendix 'C'.

Para 9.7.2. – New para-Details of goods and services.

Para 9.7.3. –Deadline for submission of quote(normal 6 to 12 weeks) - reduced to 4 weeks in urgent cases(new feature).

Para 9.7.4. –Validity of offer- Realistic - 90-180 days(normal).

- Para 9.7.5.- **New Para** –Technical Specification
- Para 9.7.6.-**New Para** –Inspection Clause- JRI PDI, if any
- Para 9.7.7 - **New Para** – Special conditions like product support or any special payment terms.
- Para 9.7.8- **New para** - Quality assurance - Quality_standard in terms of testing norms and methodology.
- Para 9.7.9.-**New Para**- Wherever OEM do not exist, minor aggregates & spares can be sourced from Regd. vendors/stockists subject to quality certification.

- Para 9.7.10 -Mode and term of delivery/transportation. CIF, CIP, FOB, may be indicated in RFP in clear terms.
- Para 9.7.11 – Delivery schedule-should not be open ended. Staggered delivery, if needed.
- Delivery - from the date of signing of contract.
- Date/delivery of goods- Bill of lading – freight forwarders receipt-Master AWP.
- Normal delivery schedule - 90-180 days - longer also on case to case basis.

- Para 9.7.12-Mode of payment- LC/DBT.

LC format-DPM-12, DBT mandatory - less than US \$ 1,00,000.

- Para 9.7.13-Terms of payment-LC to be opened within 45 days of receipt of readiness of dispatch and 45 days notice is required to vendor for notifying such readiness. Normally 90 days but could be extended on mutual basis/consent. Normally be opened 90 days prior to the expiry of DP. All expenses outside India - on supplier's account.

- In case of extension of delivery -LC charges on supplier's account . Details of LC are in chapter 12.

- Para 9.7.14- New para -Evaluation parameter technical as well as commercial(detailed technical evaluation matrix along with price format).
- Para 9.7.15- PBG 10% but if there is a risk purchase clause-5%(new feature). Wherever considered in high value contract/long gestation period(not mandatory).
- PBG – standard format-DPM - 15.
- Indian PSB / Private Sector Bank authorized by Govt. to conduct Govt. business –First class reputed International Bank to be confirmed by SBI in DPM -14 form. Para 12.12.1 relevant(New feature).

- Para 9.7.16- Arbitration-mandatory-03 format. DPM- 07, DPM-08, DPM-09 (New feature).
- Para 9.7.17- LD-mandatory-0.5% per week or part of a week subject to maximum of 10% of undelivered goods. If seller promptly notifies and buyer is satisfied then no LD for extended period (New feature).

- Para 9.7.18- Advance payment - No in normal case. Maximum 15% if it is mentioned in RFP and more than 15% requires approval of Ministry.
- Para 9.7.19- **New para** – Installation/ commissioning /Training /AMC.
- Para 9.7.20 - **New para** - Life time product support on need basis in form of spares support/maintenance advice/investigation/ information on product upgrade.

- 9.7.21- Repeat order/Option clause/not mandatory/ only on need basis. Maximum up to 50% within overall ceiling.
- Details- para 7.13 of DPM 2009.
- Para 9.7.22- Conditions governing repeat order.
- 9.7.23- Conditions governing option clause.
- 9.7.24- Risk and Expense clause(not mandatory/first time text is given in DPM).
- 9.7.25- New para- Apportionment of quantity-new feature.
- 9.7.26- Acceptance of Short/Excess supply.
- 9.7.27- Force majeure- where considered necessary, may be included in RFP/contract.(different from DPM 06).

Claims-Format DPM 22 & 23.

(a) For quantitative discrepancies- 90 days from date of delivery in case of road/air and 120 days in case of sea.

(b) For qualitative discrepancies- warranty 12 months from date of acceptance of goods or 18 months from the date of dispatch/shipment.

(c) For quality claim on account of defects/deficiency-45 days from completion of JRI.

(d) 9.7.29- Law-mandatory-contract would be governed by Indian law.

Para 9.8 – Processing of case after CFA approval for issuance of RFP.

Para 9.8.1 - Issue of RFP- wide publicity/meticulously drafted and dispatch. Regd. Post/FAX/E-mail/Website but if national security implications, not to be posted on website. RFP not to be given to Indian agent but could be given to registered branch office in India.

Para 9.8.2 - Extension of tender opening date/ clarification/ amendment/modification/withdrawal – as per Chapter 4.

Para 9.8.3- Resultant single vendor welcome change-para 4.15 relevant.

Para 9.8.4- CST(Exhaustive) LPP, deviation, if any.

Para 9.8.5- new para-Exchange rate.

Date of opening of price bid – from SBI Parliament Street, New Delhi - in Rupees terms.

- Para 9.9 – CNC & Conclusion of contract.

- Provision of chapter 5 would be followed.

- Evaluation of quotation-Chapter 13.

- Offer through FAX for low value item.

- CFA can authorize lower CFA to conduct the CNC if quoted rate exceeds the financial power of CFA after opening the price bid(new feature).

- If CNC is unable to conclude the negotiation satisfactorily – matter may be referred to higher CFA for concluding negotiation.

Para 9.9.5 – Acceptance of offer other than L-1 – Not allowed.

Para 9.9.6- Determination of L-1 on entire package (new feature) if it is indicated in RFP.

Para 9.9.7- Purchase decision-inclusive of all cost to the user on delivery to the consignee depot instead of all cost to the State (new feature). CNC/CFA has to ensure that proper tendering procedure have been followed.

Para 9.9.8- Signing of contract/placement of S.O.-vetting by IFA/approval of CFA is required before signing the contract (new feature). Contract should be signed by an officer authorised to do so.

Para 9.9.9- Amendment to the contract – CFA in consultation with IFA wherever required in case of short closing/D.P. extension with or without LD(exception – certain minor changes which do not have extra financial implication ie., change in part No./drawing etc. with the approval of one step below the CFA).

- Para 9.9.10- Re-tendering- Provision of Chapter 4 would be followed.
- Para 9.9.1- Standard conditions of contract-Appendix 'C' and Chapter 10 of DPM -09.
- Para 9.10.1- Where OEM are not permitted to deal directly, RFP can be issued to state designated agency like ROE on STE basis in addition to the vendors permitted to respond directly.(New feature)

Para 9.10.2- In case of procurement under general agreement/umbrella contract, main agreement will prevail. But review of general contract/agreement/umbrella contract is required in conformity with DPM 09 to the extent possible. Provision of DPM 09 shall apply in respect of those aspects which are not covered by general contract(new feature).

Para 9.10.3- Urgent procurement through Indian Embassies abroad.

Para 9.11- INCO TERMS -Form DPM-6 - Applicable INCO TERMS for delivery of goods in RFP & Contract to avoid dispute at a later stage.

THANK
YOU

CHAPTER 11 OF DPM 2009

Repair contract with Foreign and
Indigenous firms

Generally formulated and processed in same manner as per Store contract.

New feature

(a) Indigenous firms also included in DPM 2009.

(b) Buyer and Seller have been replaced by Customer and Contractor in para 11.1.3.

- Para 11.2.1-Preparation of Indent- Clear and detailed description.
- Estimated cost – Non-obligatory quote from all possible sources including OEM (new feature).
- Para 11.2.2- Selection of vendor- OEM only or OEM authorized agency if OEM expresses inability.
- In the event of failure of both – all possible sources. Contractor should be made accountable through PBG and Warranty clause.
- New feature- Local repair-through trade under delegated powers of CFA.

RFP-Request for Proposal- Para 11.2.3

Carefully drafted and should invariably include

(a) Description/part No./Equipment for repair.

(b) Quantity/year of manufacture/name of manufacturer.

(c) Period of usages/Past history of repairs/Delivery schedule.

(d) Quality assurance requirements/Any additional data and information.

Para 11.3 – Terms of Delivery

(a) Customer should deliver the equipment preferably within 30 days from the date of signing of contract or may vary but fixed in advance and indicated in RFP.

(b) Equipment shall be dispatched for repair as specified in the contract fully equipped with details of all detachable and removable units/parts.

(c) Customer shall send technical documentation like certificates, Log books, record of operating time & maintenance check executed on the equipment to the contractor.

Para 11.3.2- Unforeseen Repairs (New para) -May be included in RFP/contract on need basis.

- By way of mutual negotiation of cost through an additional agreement which shall be signed within 60 days from the date of handing over of equipment.
- If unforeseen repairs is not noticed, the contractor shall inform within 30 days from determination of technical condition but not later than 60 days after receipt of equipment.

Para 11.4- Delivery

11.4.1- Date of delivery of equipment to the contractor- Date of signing of delivery- acceptance report by customer & contractor.

11.4.2- Date of delivery to the customer- Date of signing of delivery- acceptance report.

11.4.3- Period of delivery to Customer- 03 months from date of opening of LC or as specified in the contract.

Delivery Terms: CIP/CIF unless specified otherwise in the contract.

Para 11.5- Terms & Mode of Payment

Foreign Firm- LC/DBT- As per identifiable milestone payment.

Indian Firm- As per the contract in Rupees.

Para 11.6- Acceptance of quantity and completeness of equipment.

Foreign Contract- in accordance with and as specified in shipping document.

Indigenous Firm- In accordance with provision of contract.

Para 11.7- Claims- must be specified in RFP and contract.

(a) Quality of the repaired equipment- In case of non-conformity of the quality standard as specified in the contract.

(b) Qty. of the repaired equipment- in case of non-conformity of quantity to those specified in the packing list on certain condition.

(c) Period of logging claims- 60,90,120 days in respect of road, aircraft and sea respectively from the date of receipt by ultimate consignee. This should be specified in RFP/contract.

Para 11.8 – Guarantee- The following should be included in the RFP/contract.

(a) Technical life period shall be stated in Passport, logbook, other technical documents submitted by contractor.

(b) Any breakdown, deficiency occurred during warranty period without fault of customer- on contractor expenses.

(c) Warranty/guarantee period should be specified in the RFP/contract.