



सत्यमेव जयते

Controller General of Defence Accounts
Ulan Batar Road, Palam, Delhi Cantt - 110010
Ph No. 011 - 25665569, 25665572, FAX No. 011- 25674779.
(IFA WING)
E-Mail : cgdanewdelhi@nic.in & cgdaifa@gmail.com



No. IFA/499/R&D

Dated 01 May 2017

Instruction Order No 01 of 2017

To

All IFAs (R&D)

(Through CGDA Website)

Sub: **Implementation of the DRDO Procurement Manual - 2016.**

Several references with regards to provisions of new DRDO Procurement Manual-2016 have been received from various IFAs (R&D). The same have been examined and the point wise clarification on each issue is given below for further necessary action and guidance please.

(1) Points of Doubt:

Para 6.38.2 Constitution of CNC: PM 2016 has removed the CDA (R&D)'s representative as a member of the CNC for cases valuing up to Rs 01 Crore. It provides for the Finance representative from the IFA set up as a member for all PNCs except in places where local Finance representative under IFA scheme is not available. It envisages that the provision will be applicable once full-fledged implementation of the IFA system has taken place.

It is emphasized that presently the IFA scheme is working on additional charge basis in cluster other than DRDO Hqrs.

Clarification:

The issues regarding participation of financial rep. in TPC was also discussed during DGDO-CGDA Synergy Meeting held at RTC Bangalore on 29.04.2016 under Co-Chairmanship of Secretary DRDO and the then CGDA and decided that "Attendance of IFAs in all TPC meeting will be possible once all IFAs are deployed. Till that time status quo may be maintained.

(2) Point of doubt

Para 10.7.2 Guidelines for extension of DP: The initial paragraph in this provision clearly stipulates that while conveying the extension of delivery period to the vendor the

ruling on liquidated damages is also to be clearly mentioned. However, in a subsequent paragraph Para 10.7.2 (i), in contravention to the earlier statement, it has been stated that DP extension will be approved without prejudice to the right to levy DP. This would need to be reviewed/reconciled.

Clarification:

Though it is return without prejudice to the right of the Lab/Estt to impose LD but the guidelines for imposing/waiving off LD mentioned at Para 10.8.2 of DRDO Procurement Manual 2016 will be followed. Hence there is no contradictory.

(3) Point of doubt

Para 10.7.3 Period of DP Extension and Competent Authority: Tabulation provided under this paragraph lays down the period up to which the delivery period can be extended by a CFA. However, it needs to be explicitly mentioned that the powers of the CFA are to be exercised in consultation with integrated finance or as per the delegation of financial powers.

As per the DPM, Para 9.9.9, any amendment to contract is with consultation of integrated finance.

Clarification:

The concurrence by the IFA in cases of DP extension has been qualified in Para 10.5.2 (a) & (b) of DRDO Procurement Manual 2016 wherein it has been clearly stated the concurrence of Financial Advisor would be obtained on file with due justification.

(4) Point of doubt:

Review TPC: Any amendment to a procurement contract which has been concluded through a TPC should necessarily be done through a review TPC. This would mean that any extension of delivery period, levy of liquidated damages or any changes to the terms and conditions of the contract would need to be through a review TPC. However, the DRDO PM does not provide for the same.

Clarification:

All amendments to contracts, which have financial implications, including short closing and delivery period extensions (with or without LD), re-fixation of DP should be approved by the CFA in consultation with the IFA, where the original contract was concluded with the concurrence of integrated finance.

(5) Point of doubt

Para 10.9.1 Conditions governing option clause: As per the provision, the option clause can be exercised with the approval of CFA under whose powers total value of supplies of original contract plus 50% option clause falls. Clarification is required as to whether the CFA for the original contract is to be determined for the total quantity i.e. inclusive option clause or only for the original requirement. The CFA will be then derived if and when option clause is exercised.

As per Para 7.13.3 of DPM, option clause may be exercised on approval of the CFA within whose powers total value of original plus value of the option clause falls in consultation with IFA.

Clarification:

Reference is invited to Para 10.9.2 of DRDO Procurement Manual which clearly stipulates that "CFA for sanction of placement of order under option clause would be decided by taking the values of original order & all subsequent orders under option clause into consideration. Concurrence of financial advisor would be obtained as per the delegation of financial powers".

(6) Point of doubt

Para 6.43.1 Commercial Negotiation: The role of TPC is diluted at the time of negotiation as the vendors/firms are aware of the fact that AMC cost is not included in determination of L1. Firms have free hand and quote arbitrarily on account of AMC (comprehensive and non-comprehensive). Therefore, AMC cost should ideally be included in determination of L1 in OBM and LBM.

Clarification:

As per Para G (xxviii) of this HQrs IFA Wing Instruction Order No. 08 of 2010 dated 01.06.2010 "Bid evaluation criteria should clearly specify whether accessories, spares kit, optional items, AMC cost, etc. would be taken into account or not for determination of L1 officer. It should also be indicated whether L1 will be decided on total contract value or for individual items. Therefore, the inclusion of AMC cost in determining L1 should be taken consciously by the CNC depending upon the type of equipment, No. of years of AMC required, availability of vendors for carrying out such AMC in open market etc.

(7) Point of doubt

Para 10.7.1(b) Failure of delivery within the DP: For whatever reasons, gives independence to lab/estt for an open ended extension to any supply order/contract. Limit of period with the level of CFA/Competent Authority should be specified.

Clarification: In this connection please refer the provisions of 10.7.3 of DRDO Procurement Manual 2016 in regard to extension of DP-limit of period-level of CFA.

(8) Point of doubt

Para 15.14.9 Special Conditions Applicable for RC/PA: Limit of period for placing supply order against RC/PA beyond the validity period should be specified for clarity and avoiding post contract complications.

Clarification:

The provisions of Para 15.14.9 clearly establishes to place supply orders up to the last day of the validity irrespective of future supply beyond the validity period, as long as these supplies are governed by the terms and conditions of the RC/PA. Indication the limit of the period of supply will have no relevance in terms of Para 15.9 of PM 2016 which states "No extension to validity of the contract is required when deliveries against outstanding supply orders continue after expiry of the validity period.

(9) Point of doubt

Para 15.17 Renewal and Extension of RC/PA: Level of CFA/Competent Authority should be specified for extension of existing RC/PA for the period between four (04) months and three years.

Clarification:

In RC/PA though the period restricted to three years and the CFA is decided with reference to the value of anticipated withdrawal of quantities fir e.g. in one year contract the anticipated annual drawl and in case of two years it should be two years annual drawl and such contracts can be extended by three months and however for conclusion of RC/PC, the overall ceiling of period is three years and conclusion of RC/PA for more than three years will be governed by Para 15.8 & 15.11 of DRDO Procurement Manual 2016


(Hari Har Mishra)
Jt. CGDA (Finance)