

CHAPTER V

FAST TRACK PROCEDURE

Aim

1. The aim of the Fast Track Procedure, outlined in the succeeding paragraphs is to ensure expeditious procurement for urgent operational requirements of the Armed Forces, foreseen as imminent during war as well as peace time and for situations in which crisis emerges without prior warning. Fast Track Procedures may also be applied for cases where timelines of the normal prescribed procedure in procuring of operationally critical equipment is seen to be adversely impacting the capability and operational preparedness of the Armed Forces.

Scope

2. The Fast Track Procedure (FTP) will cover acquisitions undertaken by the Ministry of Defence and Defence Services under 'Buy category' or outright purchase. The acquisitions may or may not be part of LTIPP/SCAP/AAP. Such acquisitions are applicable for both indigenous sources and ex- import. Procurement proposals in which FET/limited validation trials are envisaged will not be under the purview of FTP.

3. The acquisition under FTP can be categorised as under:-

- (a) Procurement of equipment already inducted into Service.
- (b) Procurement of new equipment.
- (c) Procurement of weapon system/platform, which was in service in a friendly foreign country and is available for transfer/lease or sale (ex stock or fresh production).

Acceptance of Necessity (AoN)

4. The adoption of FTP to meet urgent operational requirements will be authorised by DAC based on proposals moved by respective SHQs with the approval of the concerned Service Chief. The projected requirement must be related to an operational situation foreseen as imminent or for a situation where a crisis has emerged without prior warning. It may also be applied for cases where timelines of the normal prescribed procedure in procuring of operationally critical equipment is seen to be adversely impacting the capability and operational preparedness of the Armed Forces or where undue/unforced delays adversely impacting the capacity and the preparedness of the Armed Forces. The requirement, as projected, must identify the items required, their numbers, mode of procurement, broad Operational Requirements (ORs)/Services Qualitative Requirements (SQRs) desired/ OEM defined specifications which meet the operational needs of the Service concerned and the time-frame within which they need to be inducted.

5. In cases, where it is decided in advance to have more than one source of supply, specific approval for ratio of splitting the supply between L1, L2 and L3 vendors, provided L2 and L3 vendors are ready to match L1 price, will be taken in the AoN and the same will be pre disclosed in the RFP.

6. The format for the Statement of Case (SoC) for processing proposals for FTP cases is given as

Appendix A to this Chapter.

7. Consequent to the initiation of the proposal, the DAC would discuss the proposal and accord Acceptance of Necessity to the proposal. Decisions on following aspects will explicitly emanate from the analysis by the DAC:-

- (a) Equipment and the quantities approved.
- (b) Source of Procurement.
 - (i) A Vendor whose Equipment is already in Service. If so:-
 - (aa) For additional quantities of an ongoing contract.
 - (ab) **For Invoking 'Option Clause' of a Contract.** In case the quantities required are in excess of the 'Option Clause' of the contract, the same would be clearly brought out for approval by the DAC. The quantity could be up to 100% with the approval of DAC.
 - (ac) **For Placing Repeat Orders on Past Suppliers.** The quantities could be more than 100% of the previous contract.
 - (ad) A case where the vendor is not able to supply the entire quantity of required item and the procurement may be made from other known vendors whose equipment has been found acceptable in the past.
 - (ii) Procurement of a New Equipment based on:-
 - (aa) Single vendor.
 - (ab) Multi vendor.
 - (iii) Procuring from any friendly foreign country, in-service/previously in-service equipment available for transfer/lease or sale (ex stock or fresh production).
- (c) Composition and broad scope of the Empowered Committee. Approval required for witnessing demonstrations of compliance to Service Qualitative Requirement (SQRs) or Operational Requirements (ORs) or OEM defined specifications which meet the operational needs/capacity verification will also be stated here.
- (d) Estimated cost of the proposal.
- (e) Time schedule for induction to be specified by the DAC.

8. Based on the AoN granted by the DAC, the Acquisition Wing/SHQ would initiate the procurement process and progress as per procedure applicable for the non-delegated/ delegated powers respectively.

9. Given the limited time-frame, the FTP would necessarily have to be confined to such items as would be available within the specified time-frames and therefore, long lead items such as major weapon system should be avoided. The items involved should preferably be such which are already in Service or

have been trial evaluated or are available widely in the world/in service in foreign defence forces/indigenous market for ready procurement so that the time required for evaluation is minimised. The Indian DAs/Ambassadors in their respective country would confirm the information furnished by the vendors regarding the item being 'In Service' in Foreign Defence Forces/Foreign Law Enforcement Agencies'. The TEC would include such information received from DAs in their technical compliance statement.

Procurement of Equipment Already Inducted into Service

10. There may be a situation where the vendor who has supplied the equipment earlier is unable to supply the required quantity within the given time frame. In order not to proliferate the existing inventory, Acquisition Wing/SHQ will first invite commercial offer from the vendor and negotiate the price based on the LPP. Thereafter Acquisition Wing/SHQ will invite all vendors (as approved by the DAC), whose equipments have been trial evaluated and found acceptable for introduction into Service, for supply of the balance quantity of equipment at the negotiated price with the last supplier. The apportionment of quantity would be as per the earlier L2, L3, in that order.

Procurement of New Equipment

11. **Service Qualitative Requirements (SQR)/Operational Requirement (ORs)/OEM Defined Specifications Which Meet Operational Needs.** For procurement of new equipment, there would be a requirement of formulation of Service Qualitative Requirement (SQRs) or Operational Requirements (ORs) or OEM defined specifications which meet the operational needs, by the concerned Service HQs. While formulating the SQRs/ORs, it would be kept in mind that the required equipment is widely available in the world market/in service in foreign defence forces/indigenous market. Such SQRs/ORs/OEM defined specifications which meet the operational needs, could be approved by appropriate authority at Service HQs and may be without endorsement by Staff Equipment Policy Committee. The SQRs/ORs/OEM defined specifications which meet the operational needs would be forwarded along with the proposal after approval of the Service Chief.

12. **Solicitation of Offers.** Solicitation of offers will be as per 'Single Stage-Two Bid System'. RFPs will be processed by SHQs within 10 days of approval of the proposal by the DAC. In order to save time, collegiate vetting of RFP will be resorted to at MoD/SHQs. RFP will be approved by DG(Acq)/ VCDS/Vice Chiefs and issued by TMs to all known vendors on a limited tender basis. A copy of the RFP may be digitally transmitted to Vendors in order to save on time. In FTP cases based on IGA/G2G etc, LoR/Memorandum/LoI will be issued by respective AMs/SHQs as applicable based on delegated powers.

13. **Request for Proposal (RFP).** The RFP will be a self-contained document that will enable vendors to make their offers after consideration of full requirement of the acquisition. The standardised RFP document under FTP would be as per Schedule I to Chapter II with relevant modifications/amendments.

14. **Technical Evaluation.** The Technical Evaluation Committee (TEC) will carry out evaluation of the technical bids received in response to RFP, with reference to SQRs/ORs/OEM defined specifications which meet the operational needs. It will examine the extent of variations/differences, if any, in the technical characteristics of the equipment offered by various vendors with reference to the SQRs/ORs/OEM defined specifications which meet the operational needs and prepare a compliance statement short listing the equipment acceptable for procurement. In all FTP cases, approval of the TEC shall be done within the SHQ. However, where any vendor(s) is found non-compliant at the TEC stage in non-delegated cases, approval of DG (Acq) will be obtained, through respective TMs, prior to

progress the case further.

15. **Benchmarking Committee.** Within a week of acceptance of TEC Report by the DG(Acquisition)/VCDS/Vice Chiefs benchmarking would be carried out by a Benchmarking Committee headed by the Advisor (Cost) and reps of concerned SHQ Directorates. This process will be automatically undertaken once SHQ informs Advisor (Cost) about acceptance of the TEC Report. Along with this information, SHQ will also provide Advisor (Cost) with details of reps of SHQ Directorates nominated as members of the concerned Benchmarking Committee. The recommendations of the Benchmarking Committee may be accepted as such / deliberated upon by the CNC. Till then, the Benchmarking Committee benchmark models and costing data will be kept in a sealed cover with the Chairman of the CNC as applicable.

16. **Empowered Committee.** Although there would be no requirement of any trial evaluation of the identified equipment, an Empowered Committee may be authorised to visit the premises of vendors to witness demonstrations/evaluate the equipment as required. The Empowered Committee would have the powers to negotiate and conclude contracts in the shortest possible time and would have adequate representations from different wings of the MoD/SHQs to ensure that requisite expertise and authority for procurement action is available. The Empowered Committee Report will be accepted by the DG(Acquisition)/authorised PSO in the SHQ for the non-delegated/ delegated powers respectively. There will be no GS evaluation in FTP cases. In case the Empowered Committee is not empowered to negotiate and conclude the contract, the CNC may be constituted on receipt of the Report of such Empowered Committee.

Contract Negotiation Committee (CNC)

17. The standard composition of the CNC will be as indicated at Appendix B to Chapter II. Any change in the composition of the CNC may be effected with the approval of DG (Acq)/Vice Chiefs.

18. Cases for which contracts have already been signed and benchmark prices are available, the CNC would arrive at the reasonable price, taking into consideration the escalation/foreign exchange variation factor. The endeavour should be to conclude the CNC early so that the operational/urgent requirement of the indenting service is met in a time-bound manner. Guidelines to be followed for early conclusion of CNC are given in succeeding paras.

19. In multi-vendor cases, on opening of commercial offers, once L1 vendor is identified the contract should be concluded with him and normally there would be no need for any further price negotiations. However, it is important that the reasonability of the prices being accepted for award of contract should be established. In all cases, benchmarking recommendations of the Benchmarking Committee may be accepted as such / deliberated upon by the CNC post promulgation of CNC and reasonableness of price be established in an internal meeting before opening the commercial offer. Once the commercial offers are opened and the price of the vendor is found to be within the benchmark fixed, there should be no need to carry out any further price negotiations. The RFP in such multi-vendor cases should clearly lay down that no negotiations would be carried with the L1 vendor once the reasonability of the price quoted by him is established. As far as possible all aspects contributing towards formulation of a commercial offer by the vendor should be included in the RFP. In such cases, the services may have to state the requirement of maintenance by the OEM/authorised vendor for a specified period. Aspects of advance and stage payments (where applicable) also to be given upfront in the RFP so that it facilitates selection of L1 vendor.

20. If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to sign the procurement contract as may be required, or fails to provide the security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the Procuring Entity shall cancel the procurement process. Provided that the Procuring Entity, on being satisfied that it is not a case of cartelization and the integrity of the procurement process has been maintained, may, for cogent reasons to be recorded in writing, offer the next successful bidder an opportunity to match the financial bid of the first successful bidder, and if the offer is accepted, award the contract to the next successful bidder at the price bid of the first successful bidder.

21. In cases, where specific approval has been taken in the AoN to have more than one source of supply, ratio of splitting the supply will be pre disclosed in the RFP and negotiations will be done with the L1, L2 and L3 vendors, as applicable, provided the L2 and L3 vendors agree to match the L1 price.

22. **Oversight Committee.** For non delegated power cases, a committee chaired by an Additional Secretary level officer of the Department of Defence (DoD) with members; i.e. one Major General/equivalent officer from Services (other than lead agency), one JS level officer from Department of Military Affairs (DMA) and one Additional FA nominated by the Financial Advisor (Defence Service), will check whether the process of FTP has been followed as per DPP and bring out deviations, if any. The committee will also review and bring out the status of grievances or complaints in the case. The Committee will submit the report to Defence Secretary for acceptance, within 10 days of its constitution.

23. **Contract Conclusion.** The contract will be signed after the CFA approval of the case. The date of signing of the contract would be the effective date of contract. However the date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T_0), provided the Seller submits the documents mandated by the DPP for release of advance by the Buyer within 45 days of signing of contract. In the event of the Seller not submitting the said documents within 45 days of signing of contract, the period between the 45th day and actual submission of documents will be excluded from the actual date of advance payment to arrive at the delivery date. In case, no advance is to be paid, the date for reckoning date of delivery would be the date of signing of contract. This clause will not be applicable in cases where in Advance payment is released after FOPM is successfully validated. In such cases, date of accord of Bulk Production Clearance will be date for reckoning date of delivery. To ensure adherence to the delivery schedule the contract should specify the date by which the vendor would have to submit the Bank Guarantees as also the date by which MoD would have to open the Letter of Credits. The Standard Contract Document as in DPP would be the guidelines for acquisitions under FTP. Any deviations to the standard contractual clauses would be accorded by the CFA. In FTP cases based on IGA/G2G etc, Contract/LoA will be signed by respective AMs/SHQs as applicable based on delegated powers.

Additional Provisions

24. In case of procurement from a Defence Public Sector Undertaking (DPSU), a Letter of Intent (LoI) may be placed immediately on the DPSU which supplied this store last or is having a running contract. The details concerning prices would be negotiated and incorporated in a contract subsequently.

25. In case of procurement from OFB, for an already introduced item, indent would be placed by Acquisition Manager/SHQ after AoN has been accorded.

26. In certain acquisition cases it may be expedient to procure equipment from friendly countries by

sale/transfer/lease/otherwise ex their own stocks. In such cases, Government-to-Government Agreements at appropriate level would be established to facilitate the issue of such stores. Care, however, would be exercised to ensure that adequate residual shelf life remains available for our Armed Forces. In such cases a technical delegation may be sent to check the condition of the equipment being offered as required. Only if it is technically acceptable would the case be processed further.

27. **Inspection.** Considering the urgent nature of requirements and to ensure that items being supplied conform to the technical specifications agreed in the contract, Pre Dispatch Inspection (PDI) of the stores need to be carried out by our inspectors at the premises of the vendor, wherever considered necessary by the SHQ. If PDI is not to be carried out, then the vendor will furnish his own Certificate of Quality or of the Defence Forces of his country or of its accredited quality assurance agency. In such cases, Joint Receipt and Inspection (JRI) would be carried out by the MoD and the vendor in India. In such cases, certain sums from those due for payment to the vendor would be retained to be released only on successful completion of JRI. In case of items procured through Government to Government agreements signed at appropriate level, PDI may not be insisted upon and their Certificate of Quality may be considered for acceptance.

28. **Performance cum Warranty Bank Guarantee (PWBG).** Since the contract will be for short term duration and supplies will be required in shorter time frame, the performance of the contractual obligations by the vendor need to be enforced by obtaining a PWBG @ 5% of the value of the contract from an international bank of repute or an Indian Public Sector & Private Sector bank authorized for government transactions by RBI.

29. **Liquidated Damages (LD).** In case of delay in supplies, the vendor shall be levied LD @ 1.5% per week subject to maximum of 15% of value of delayed store.

30. **Termination Clause.** The contract to be signed in FTP will have a Termination Clause which will be made applicable in the following cases:-

- (a) The delivery of the material is delayed for causes not attributable to Force Majeure for more than six months after the scheduled date of delivery.
- (b) The Seller is declared bankrupt or becomes insolvent.
- (c) The 'Buyer' has noticed that the seller has utilised the services of an Agent in getting this contract and paid any commission to such individual/company etc.

31. In case of supplies from countries with which Bi-lateral Agreement exists for Standard Terms & Agreements of Contract, the same would supersede the corresponding terms & conditions of the Standard Contract Document.

32. **Integrity Pact.** An 'Integrity Pact' would be signed between the MoD/SHQ and the bidders for all procurement schemes over ₹ 20 crore. The Integrity Pact would be a binding agreement between the MoD/SHQ and bidders for specific contracts in which the government promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. The draft Integrity Pact document is placed as Annexure I to Appendix M of Schedule I to Chapter II.

33. Since the procurement under FTP would be for cases of urgent operational requirements, it is imperative that all activities be carried out in a time-bound manner. The proposed time frame for each activity is given at Appendix B to Chapter V. In case it takes more than six months to conclude the

contract or time in excess of the schedule indicated by the DAC for induction of the equipment, the proposal/case would be referred back to the DAC for appropriate directions.

34. While the above provisions are adopted as the guidelines for emergency procurement, it may not always be possible to ensure complete compliance of above conditions. In such cases, the specific approval seeking waiver would be obtained from the Raksha Mantri.

Monitoring

35. The concerned Services HQ would make arrangements to monitor the receipt and ensure expeditious induction of stores subsequent to delivery of items.

**STATEMENT OF CASE FOR PROPOSAL UNDER
FAST TRACK PROCEDURE**

1. Brief of the situation necessitating procurement under FTP.
2. Proposal and the details of the equipment.
3. Justification to include the following, where applicable:-
 - (a) Operational urgency.
 - (b) Quantities required.
 - (c) **Source of Procurement.** It could be either of the following:-
 - (i) Vendors' whose equipment is already in service (details of previous contracts be given). Confirmation should be obtained, by telefax/email, that the proposed vendor is in a position to supply the required quantities in the proposed time frame. Such cases could be for:-
 - (aa) Additional quantities of an ongoing contract.
 - (ab) Invoking 'Option Clause' of a contract. In case the quantities required are in excess of the 'Option Clause' of the contract, it would be clearly brought out in the SOC.
 - (ac) Placing repeat orders on past suppliers.
 - (ad) In case the vendor is not able to supply the entire quantity of required item then other known vendors whose equipment has been found acceptable in the past and the quantities to be procured from other vendor (s).
 - (ae) For equipment already inducted into service, it may be necessary to go back to the OEM for procurement of additional equipment/major-assemblies/sub-assemblies/Special Maintenance Tools (SMTs)/Special Test Equipment (STE)/maintenance/integration of Buyer Furnished Equipment (BFE), as no other supplier would be in a position to meet these requirements. All such acquisitions would not be construed as single vendor cases requiring waiver. It must, however, be ensured that when spares etc are procured from OEMs of subassemblies, the assurances/warranties extended by the OEM for the main equipment retain their validity.
 - (af) If equipment proposed to be procured has already been procured by a sister service after following due process then such cases would be treated as repeat order.

(ii) **Procurement of a New Equipment.**

(aa) Single/multi-vendor along with details.

(ab) Services Qualitative Requirements (SQRs)/Operational Requirements (ORs) / OEM defined specifications which meet operational needs to be attached.

(ac) Whether the equipment is in service in Foreign Defence Forces/ Foreign Law Enforcement Agency’.

(iii) Procuring from any friendly foreign country, in-service/previously in-service equipment available for transfer/lease or sale (ex stock or fresh production).

(d) Composition and broad scope of the Empowered Committee. Approval required for witnessing demonstrations of compliance to Service Qualitative Requirement (SQRs) or Operational Requirements (ORs) or OEM defined specifications which meet the operational needs/capacity verification will also be stated here.

(e) Estimated cost of the proposal.

(f) Acceptable time schedule for induction to be clearly stated.

Appendix B to Chapter V
(Refers to Para 33 of Chapter V)

TIME FRAME UNDER FTP

Ser No	Activity	Time Frame (days/months)
1.	Initiation of Proposal by Service HQs	
2.	Analysis of the Services Requirement and Acceptance of Necessity by the committee chaired by RM	7-14 days
3.	Preparation, vetting, approval and issue of the Request for Proposal	10 days
4.	Receipt of Responses from vendors	30-45 days
5.	Technical Evaluations*	10 days
6.	On site Evaluations by Empowered Committee*	15-45 days
7.	Approval of Empowered Committee's report	7 days
8.	Commercial Negotiations	15-45 days
9.	Oversight Committee (if applicable)	10 days
10.	Approval of Competent Financial Authority	10-15 days
11.	Contract Signing	8-15 days
Minimum and Maximum Time Period		122-231 days
Delivery (from the date of signing of contract)		3-12 months

* Activities at Ser 5 and 6 would be carried out only for procurement of new equipment.
