Draft DPP 2020 is as uploaded along with this letter. Chapter VII of DPP 2016 on ‘Strategic Partnership Model’ is not included in the draft DPP as no changes are being recommended to the existing chapter.

Comments/recommendations/suggestions on the draft are solicited by 17 Apr 2020. It is requested all comments/recommendations/suggestions are forwarded with specific reference to the Chapter and paragraph of the Draft DPP 2020.

Comments/recommendations/suggestions may be forwarded to the Member Secretary whose contact details are as under:-

Address : Col Marut Shukla,  
Member Secretary, DPP Review Committee,  
O/o Technical Manager (Land Systems)  
Room No -30,D-II Wing,  
Sena Bhawan, New Delhi - 110011

Tele : 011-23019566

Fax : 011-23792414

Email : tmls-mod@nic.in  
jdtmls-mod@nic.in
MINISTRY OF DEFENCE

REVISION OF
DEFENCE PROCUREMENT PROCEDURE
NEED FOR DPP REVISION

• DPP 2016 – promulgated in March 2016

• 47 amendments carried out as part of Business Process Reengineering

• Further scope of refinement in:-
  ➢ Support ‘Make in India’ initiative
  ➢ Design and Development cases
  ➢ Innovations for Defence Excellence (iDEX)
  ➢ Offset guidelines
  ➢ Life Cycle Support (align with Revenue procurement)
  ➢ Make India as Manufacturing Hub
REVIEW COMMITTEE

• Hon’ble RM approved constitution of Main Review Committee under Chairmanship of DG(Acq) in Aug 2019

• Terms of Reference

  ➢ Remove procedural bottlenecks & hasten acquisition
  ➢ Optimise life cycle support
  ➢ Greater participation of Indian Industry for robust base
  ➢ Examine & incorporate new concepts
  ➢ Promote Indian Start-ups and R & D
  ➢ Support ‘Make in India’ initiative
MAJOR ASPECTS ADDRESSED

- Enhancement of Indigenous Content
- Incorporating use of indigenous Raw Material, Software & components
- Make & iDEX
- Impetus to MSMEs
- Refining of the procedure
- Conduct of Trials & Acceptance Tests
- New Concepts – Long Term Product Support, Leasing, Price Variation Clause
- New Chapters – Information & Communication Technology, Post Contract Management
ENHANCEMENT OF INDIGENOUS CONTENT

- Overall enhancement in requirement of Indigenous Content (IC)

<table>
<thead>
<tr>
<th>Category</th>
<th>DPP 2016</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy (Indian-IDDM)</td>
<td>Min 40%</td>
<td>Min 50%</td>
</tr>
<tr>
<td>Buy (Indian)</td>
<td>Min 40%</td>
<td>Indigenous design - Min 40%, otherwise - Min 60%</td>
</tr>
<tr>
<td>Buy &amp; Make (Indian)</td>
<td>Min 50% of Make</td>
<td>Min 50% of Make</td>
</tr>
<tr>
<td>Buy &amp; Make</td>
<td>-</td>
<td>Buy &amp; Min 50% of Make</td>
</tr>
<tr>
<td>Buy (Global – Mfr in India)</td>
<td>-</td>
<td>Min 50%</td>
</tr>
<tr>
<td>Buy (Global)</td>
<td>-</td>
<td>Min 30% for Indian vendors</td>
</tr>
</tbody>
</table>

- Simple and practical IC Verification process instituted

support ‘Make in India’ initiative
Promoting use of indigenous military material and encouraging its development and production

RFI Stage – examine platforms and other equipment/systems with substantial material component.

Incentivise use of Indigenous raw material

facilitate greater participation of Indian Industry and develop robust defence industrial base
• Leverage highly developed indigenous software expertise.

• RFI – identify indigenous software for running applications.

• Analysis - base applications (Fire Control System, Radars, Communications, Encryption sub systems) on indigenous software in Buy (Indian – IDDM) & Buy (Indian) cases.

• If not mandatory, Enhanced Performance Parameters (EPP) for indigenous software defined with commensurate credit score in the SQRs.

support ‘Make in India’ initiative
MAKE & INNOVATIONS

- Make I (Government Funded upto 70%)
- Make II (Industry Funded) – to include suo-moto proposals
- Make III (Indigenously Manufactured) for import substitution
- Innovations to include iDEX & ‘Open Competition’ Approach
- Technology Development Fund (TDF) Schemes

support ‘Make in India’ initiative
INNOVATIONS FOR DEFENCE EXCELLENCE (iDEX)

- Ecosystem to foster innovation & technology development in Defence and Aerospace

- Engage Industries including MSMEs, start-ups, individual innovators, R&D institutes and academia

- Provide grants/funding & other support to carry out R&D which has good potential for future adoption for Indian defence needs.

promote Indian Start-ups and R & D
IMPETUS TO MSMEs

• Offset obligations - multiplier of 1.50 where MSMEs are IOPs

• Make Projects earmarked for MSMEs.

  ➢ Make I - prototype development phase < ₹10 Crores

  ➢ Make-II - prototype development phase < ₹3 Crores & procurement < ₹50 Cr based on delivery schedule

• RFP issued without stipulation of Financial Parameters, in cases upto 150 crores or 50 Crores/year based on delivery schedule

promote Indian Start-ups and R & D
SERVICES QUALITATIVE REQUIREMENTS (SQRs)

- Formulation Committee including representatives of trial agencies.


- Time frame for formulation laid down (six months from receipt of RFI response).

- Amendments to SQR permitted before issue of RFP.

*remove procedural bottlenecks & hasten defence acquisitions*
SIMPLIFYING PROCEDURE

• Acceptance of Necessity (AoN).

- Single stage approval of AoN except DAC cases (> 500 crores)
- Time frame laid down for obtaining AoN (one year from receipt of RFI responses)

remove procedural bottlenecks & hasten defence acquisitions
• **Request For Proposal (RFP).**

  - Guidelines included to ensure correct formulation.
  - Detailed Trial Methodology.

• **Guidelines and flowcharts included to facilitate decision making by Users at various stages.**

*remove procedural bottlenecks & hasten defence acquisitions*
• Repeat Order.

- Single stage accord of AoN by the according authority
- No FET, limited validation if required

remove procedural bottlenecks & hasten defence acquisitions
CONDUCT OF FIELD EVALUATION TRIALS

- Trials with an objective to nurture competition, not as a process of elimination.

- User Trials by specialised agencies i.e. Trial Wings

- Document/certification over physical trials.

- More opportunities for in situ repairs/modifications during trials.

*remove procedural bottlenecks & hasten defence acquisitions*
QUALITY ASSURANCE ASPECTS

- QA Plan (to include rejection criteria & sample size) as part of RFP.

- Draft Acceptance Test Procedure submitted by all vendors, finalised in DGQA Evaluation.

- No overlap of evaluation in Pre Dispatch Inspection (PDI) & Joint Receipt Inspection (JRI).

- Third Party Inspection permitted for acceptance.

*remove procedural bottlenecks & hasten defence acquisitions*
• Long Term Product Support. *Mandatory for 3-5 yrs post warranty*

- Engineering Support Plan (ESP)
- Annual Maintenance Contract (AMC)
- Comprehensive Maintenance Contract (CMC)
- Life Cycle Support Contract (LCSC)
- Performance Based Logistics (PBL)

**optimise life cycle support for equipment**
LEASING

- Option to ‘Buy’ & ‘Make’, offset huge initial capital outlays with periodical rental payments

- Lease(Indian) & Lease(Global), preferred in cases:-
  - Procurement not feasible due to time
  - Asset needed for specific time or under utilised if procured
  - Smaller numbers needed – administrative & maintenance infrastructure expenditure high
  - Service life lease rental better than acquisition cost
  - Operational necessity

Examine & incorporate new concepts to save on overall cost
PRICE VARIATION CLAUSE

- Practical price fixation in projects with long delivery periods
- Cases ≥ 1000 crores & time period of deliverables ≥ 60 mths

Industry friendly initiatives
MANUFACTURING HUB IN INDIA

BUY (GLOBAL – MANUFACTURE IN INDIA)
An outright purchase of equipment from foreign vendors as approved by the AoN according authority, in quantities as considered necessary, with a minimum of 50% Indigenous Content (IC) on cost basis of the total contract value which can be achieved in the manufacturing of either the entire equipment or spares/assemblies/ sub-assemblies/Maintenance, Repair and Overhaul (MRO) facility for the entire life cycle support of the equipment, through its subsidiary in India. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state.

Prioritisation of Categories
- Buy (Indian-IDDM)
- Buy (Indian)
- Buy & Make (Indian)
- Buy & Make
- Buy (Global – Manufacture in India)
- Buy (Global)
NEW CHAPTERS

• Information and Communication Technology (ICT). Policy & procedures for procurement & management of integrated projects.

• Post Contract Management (PCM).

  ➢ Capital procurement entails different contracting agency & contract operating agency

  ➢ Ensure smooth transition from pre to post contract.

new attributes in the defence procurement
COMMERCIAL TERMS

- L1 determined after including all taxes and duties

- INCOTERMS mandatory as Delivery Duty Paid (DDP) for all procurement cases

- Bank Guarantees (BGs) based on Contract Value less taxes and duties

- Multiple BGs permitted, from all Public Sector Banks and Private Banks authorised for Government transactions

- Performance cum Warranty BGs – 5% of contract value

Industry friendly initiatives
OFFSET GUIDELINES

- Preference to complete defence products over components.

- Multiplier:-
  - For products/systems (x 1.0)
  - For Components reduced to (x 0.5)
  - For MSMEs (x 1.5)

- Investments incentivised through higher multipliers:-
  - In Defence Manufacturing (x 1.5)
  - In Defence Industrial Corridors (x 2.0)
  - For ToT to Indian Enterprises (x 2.0)
  - For ToT to OFB/DPSUs (x 3.0)
  - Higher Multiplier for Critical Technology (x 4.0)

Facilitate greater participation of Indian Industry and develop robust defence industrial base
OFFSET GUIDELINES

- Discharge through entities other than vendor/ Tier-I sub-vendor for investments/ToT on case to case basis.

- Flexibility to provide details of products and Indian Offset Partners(IOPs) at later stage even after signing of contract.

- To bring greater transparency and accountability, post contract activities are envisaged online through offset portal.

- Real-time disposal of offset discharge claims.

- Timelines for disposal of offset claims/disputes.

facilitate greater participation of Indian Industry and develop robust defence industrial base
JAI HIND
CHAPTER I

ACQUISITION CATEGORIES, ACQUISITION PLANNING
AND INDIGENOUS CONTENT

1. **Aim.** The aim of the DPP is to ensure timely procurement of military equipment, systems and platforms as required by the Armed Forces in terms of performance, capabilities and quality standards, through optimum utilisation of allocated budgetary resources; while enabling the same, DPP will provide for the highest degree of probity, public accountability, transparency, fair competition and level-playing field. In addition, self-reliance in defence equipment production and acquisition will be steadfastly pursued as a focus of the DPP with an ultimate aim to develop India as a global defence manufacturing hub.

2. **Scope.**

   (a) The DPP will cover all Capital Acquisitions undertaken by the Ministry of Defence and Service Headquarters (SHQ) both from indigenous sources and ex-import, except for medical equipment. SHQ for the purpose of Capital Acquisition would include HQ Integrated Defence Staff, Integrated HQ of the MoD (Army), Integrated HQ of the MoD (Navy), Integrated HQ of the MoD (Air Force) and the Indian Coast Guard. Defence Research and Development Organisation (DRDO), Ordnance Factory Board (OFB) and Defence Public Sector Undertakings (DPSUs) will, however, continue to follow their own procurement procedure.

   (b) In the event of enactment of any new legislation or any change or amendment or enforcement of any Act or Law, rules or regulations of Government of India or body such as CVC, which becomes effective after the date of last amendment to this DPP, the same will automatically be deemed as replacement to the one referred to in this DPP.

**Capital Acquisitions**

3. **Definition.** Procurement of goods and services which are booked under the Capital Budget Head will follow the procedure as laid down in the DPP and will be termed as ‘Capital Acquisitions’. However, if the SHQ wishes to procure goods and services from the Capital Budget through any other procedure, specific approval of the Defence Acquisition Council (DAC) may be obtained for each such case.

4. Capital Acquisition schemes are broadly classified as, ‘Buy’, ‘Buy and Make’, Leasing, ‘Design and Development (D & D) and Strategic Partnership Model (SPM). Under the ‘Buy’ scheme procurements are categorised as ‘Buy (Indian - IDDM)’, ‘Buy (Indian)’, Buy (Global - Manufacture in India) and ‘Buy (Global)’. Under the ‘Buy and Make’ scheme, the procurements are categorised as ‘Buy and Make (Indian)’ and ‘Buy and Make’.

5. **Priority of Categorisation.** Procurement of defence equipment under this procedure will be based on the above mentioned categories. The categories, except Leasing, D & D and
SPM, have been prioritised based on their relative importance towards indigenization. However there is no embargo on a vendor qualifying in a higher category to participate in the lower category in case all requirements of the lower category are met. In decreasing order of priority the priority of categories will be as follows:-

(a) Buy (Indian - IDDM)
(b) Buy (Indian)
(c) Buy and Make (Indian)
(d) Buy and Make
(e) Buy (Global - Manufacture in India)
(f) Buy (Global)

6. In addition to the above listed categorisation, the D & D and SPM categorisations, aim at developing long-term indigenous defence capabilities. Depending upon factors such as Indian industry’s capability, access to technology, time frame required and available for development, the D & D category of procurement would be pursued in isolation, in sequence or in tandem with any of the six categories under ‘Buy’ or ‘Buy and Make’ classifications, with a separate heading under Services Capital Acquisition Plan (SCAP) and Annual Acquisition Plan (AAP).

**Definition of Acquisition Categories**

7. **Buy (Indian-IDDM).** ‘Buy (Indian-IDDM)’ category refers to the procurement of products from an Indian vendor that have been indigenously designed, developed and manufactured with a minimum of 50% Indigenous Content (IC) on cost basis of the total contract value.

7.1 The Request For Information (RFI), incorporating questions to confirm that the equipment has been indigenously designed and developed, shall be formulated by SHQ, in consultation with DRDO/other experts from IIT/IISc and other Government agencies. Post receipt of responses from interested vendors, a Committee convened by SHQ shall examine the responses received from vendors and recommend categorisation as ‘Buy (Indian – IDDM). The Committee shall also recommend documentation and other requirements which the vendor shall have to submit with their technical bids.

7.2 These documents and other requirements to be produced by the vendor along with the technical bid shall be specified in the RFP and shall be scrutinised at the TEC stage. Vendors should also furnish an undertaking (format attached at Appendix A) for their claim to indigenous design. The TEC may include a DRDO representative/ other experts from IIT/IISc and other Government agencies to verify vendor claims of indigenous design only. However, on a case to case basis, TEC may carry out on site verification to ascertain any aspect of the vendor’s claims on indigenous design and
8. **Buy (Indian).** ‘Buy (Indian)’ category refers to the procurement of products from an Indian vendor meeting one of the two conditions: products that have been indigenously designed, developed and manufactured with a minimum of 50% Indigenous Content (IC) on cost basis of the total contract value; Or products, which may not have been designed and developed indigenously, having 60% IC on cost basis of the total contract value.

9. **Buy and Make (Indian).** ‘Buy & Make (Indian)’ category refers to an initial procurement of equipment in Fully Formed (FF) state in quantities as considered necessary, from an Indian vendor engaged in a tie-up with a foreign OEM, followed by indigenous production in a phased manner involving Transfer of Technology (ToT) of critical technologies as per specified range, depth and scope from the foreign OEM. Under this category of procurement, a minimum of 50% IC is required on cost basis of the Make portion of the contract. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state.

10. **Buy and Make.** ‘Buy & Make’ category refers to an initial procurement of equipment in Fully Formed (FF) state from a foreign vendor, in quantities as considered necessary, followed by indigenous production through an Indian Production Agency (PA), in a phased manner involving Transfer of Technology (ToT) of critical technologies as per specified range, depth and scope, to the PA. With a view to maximise indigenous production in each procurement case, the AoN according authority would approve an appropriate ratio of Fully Formed (FF), Completely Knocked Down kits (CKD), Semi Knocked Down kits (SKD) and Indigenous Manufacture (IM) kits; and a minimum percentage of 50% IC on cost basis for the ‘Make’ portion of acquisitions under ‘Buy and Make’ category. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state. Foreign vendors will also need to discharge offsets in all Buy & Make cases more than 2000 crores.

11. **Buy (Global - Manufacture in India).** Buy (Global - Manufacture in India) category refers to an outright purchase of equipment from foreign vendors as approved by the AoN according authority, in quantities as considered necessary, with a minimum of 50% Indigenous Content (IC) on cost basis of the total contract value which can be achieved in the manufacturing of either the entire equipment or spares/assemblies/sub-assemblies/Maintenance, Repair and Overhaul (MRO) facility for the entire life cycle support of the equipment, through its subsidiary in India. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state.

12. **Buy (Global).** ‘Buy (Global)’ category refers to outright purchase of equipment from foreign or Indian vendors. In case of procurement through foreign vendors, Government to Government route/Inter Government Agreement may also be adopted, for equipment meeting strategic/long term requirements. An Indian Vendor participating in this category would be required to meet minimum 30% IC, failing which he would be required to discharge offsets as applicable in the case. Foreign vendors will also need to discharge offsets in all Buy (Global) cases more than 2000 crores other than Single Vendor Cases (SVC) being progressed based on IGAs including FMS.
13. **Leasing.** Leasing is introduced as another category for acquisition in addition to the existing ‘Buy’ and ‘Make’ acquisition categories as it provides for an innovative technique for financing of equipment. Leasing provides means to possess and operate the asset without owning the asset and is useful to substitute huge initial capital outlays with periodical rental payments. Leasing would be permitted in two sub categories i.e. Lease (Indian), where Lessor is an Indian entity and is the owner of the asset, and Lease (Global). Cases where lease of equipment may be preferred are:-

(a) Where procurement is not feasible due to time constraint.
(b) Where the asset/capability is needed for a specific time or would be under utilised if procured.
(c) Where smaller numbers of assets are needed and administrative /maintenance infrastructure expenditure would be high.
(d) When service life lease rentals are a better option compared to a one-time acquisition cost.
(e) To gain experience for operational exploitation of equipment.
(f) Due to operational necessity.

14. **Design and Development (D & D)/Innovation.** Acquisitions covered under the Design and Development (D & D) /Innovation category refer to equipment/system/ sub-system/assembly/sub-assembly, major components, or upgrades thereof, to be designed, developed and manufactured by an Indian vendor/similar D & D projects by DRDO/ processed by the Services through their internal organisations, such as Base Workshop/Dockyards/ Base Repair Depots etc. with or without participation of Private industry, as per procedure and norms detailed in Chapter III of this DPP.

15. **Strategic Partnership Model (SPM).** Acquisitions under the Strategic Partnership model refer to participation of private Indian firms and foreign OEM in Make in India in defence and play the role of a System Integrator by building an extensive eco-system comprising development partners, specialised vendors and suppliers, in particular, those from the MSME sector. Strategic Partnerships will seek to enhance indigenous defence manufacturing capabilities through the private sector over and above the existing production base. Detailed norms and procedures of the same are as given in Chapter VII of this DPP.

16. **Definition of Indian Vendor.** Unless specifically provided for in a clause/section/chapter or elsewhere of the DPP, an Indian Vendor by whatever nomenclature when referred to means - for defence products requiring industrial license, an Indian entity, which could include incorporation/ownership models as per Companies Act, Partnership Firm, Proprietorship and other types of ownership models including Societies as per relevant laws, complying with, besides other regulations in force, the guidelines/licensing requirements stipulated by the Department for Promotion of Industry and Internal Trade (DPIIT) as applicable; and for defence
products not requiring industrial license, an Indian entity registered under the relevant Indian laws and complying with all regulations in force applicable to that industry. Additionally, the following conditions are to be met by the Indian Vendor:-

(a) Ownership by resident Indian Citizen(s). FDI in the Indian entity will be as per sectoral limits prescribed by the Government of India, as amended from time to time. It is pertinent to note that, for the calculation of foreign equity in the Indian Entity equity held by Foreign Portfolio Investors (FPI) (category I and II only) and Indian mutual funds will not be included.

(b) Control, as defined in ‘The Companies Act, 2013’, of the Indian entity by resident Indian Citizen(s).

17. **Indigenous Content.** For IC referred to in Paras 7–12(Chapter I) and stipulated in the RFP for Strategic Partnership model cases, the vendor will ensure compliance as detailed in Appendix B to Chapter I. The category wise (less Strategic Partnership model cases) summary of IC will be as under:-

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Category</th>
<th>IC</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Buy(Indian-IDDM)</td>
<td>Indigenous design and ≥ 50%</td>
</tr>
<tr>
<td>(b)</td>
<td>Buy (Indian)</td>
<td>In case of indigenous design ≥ 50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>otherwise ≥ 60%</td>
</tr>
<tr>
<td>(c)</td>
<td>Buy and Make (Indian)</td>
<td>≥ 50% of the ‘Make’ portion</td>
</tr>
<tr>
<td>(d)</td>
<td>Buy and Make</td>
<td>≥ 50%</td>
</tr>
<tr>
<td>(e)</td>
<td>Buy (Global - Manufacture in India)</td>
<td>≥ 50%</td>
</tr>
<tr>
<td>(f)</td>
<td>Buy (Global)</td>
<td>Foreign Vendor – Nil</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indian Vendor ≥ 30%</td>
</tr>
</tbody>
</table>

18. The AoN according authority may approve higher or lower threshold of IC than that stipulated for various categories. Detailed justification for the same should be submitted while seeking Acceptance of Necessity (AoN).

19. **Upgrades.** All cases involving upgrade/life extension to an in service weapon system/equipment/assemblies/sub-assemblies/sub-systems will also be covered by this procedure. The categorisation may be carried out depending on scope of the proposal, availability of indigenous technology and the need for seeking critical technologies from foreign vendors.

**Procurement Planning Process**

20. To address the current and futuristic security needs, the Armed Forces will need to engage in capability development in a prioritised manner based on long term perspective plan from which should flow procurements planned for modernisation of the Services based on Capital Acquisition Plans. Proposals for acquisition of capital assets will cover the long-term, medium-term and short-term perspectives as under:-
21. **Planning Process.** The planning process would evolve from the National Security Strategy/Guidelines (as and when promulgated) and Raksha Mantri’s Operational Directive. The following planning process would be adopted to address the current and future needs of the Armed Forces:-

(a) HQ IDS will prepare a 15-year Long Term Integrated Perspective Plan (LTIPP) in consultation with the SHQs, every (five years), comprising of three five-year plans. This will be prepared before the expiry of the first of the three five-year plans, along with a Technology Perspective and Capability Roadmap (TPCR) reflecting the details of technologies and capabilities that could be made public for use by the industry. The LTIPP will be approved by the DAC prior to promulgation.

(b) HQ IDS will thereafter prepare the Services Capital Acquisition Plan (SCAP), which will include acquisitions planned for the next five years culled out from the LTIPP, based on prioritised operational requirements. The SCAP will be approved by the DAC prior to promulgation.

(c) Based on the SCAP, each SHQ shall prepare a two-year roll-on acquisition plan, to be called Annual Acquisition Plan (AAP), before the commencement of each financial year, which shall form the basis for initiation of every acquisition proposal for AoN. The AAP will be approved by the Chief of Defence Staff (CDS) in consultation with SHQ, Acquisition Wing, Department of Defence Production (DDP) and Defence Research and Development Organisation (DRDO) prior to promulgation by the Acquisition Wing.

**Annual Acquisition Plan (AAP)**

22. The AAP will comprise of three sections; Section A will contain a list of all carry-over acquisition proposals from the previous year and those for which AoN has been accorded during the year, while Section B will include acquisition proposals likely to be initiated for AoN in the forthcoming year. In addition, a separate Section C will list out cases under the ‘Design & Development’ category.

23. In consonance with schemes likely to be included in AAPs, HQ IDS would work out the annual requirement of funds for capital acquisitions of each service taking into account committed liabilities and anticipated cash outflow likely to be incurred on account of the fresh schemes, during the ensuing financial year. The draft AAP will be submitted by the SHQ to HQ IDS by 31st of December each year, after obtaining comments of the concerned Acquisition Wing. HQ IDS will obtain approval of the DPB latest by 15th of February.

24. Acquisition proposals not included in the AAP may also be initiated by SHQs on account of unforeseen circumstances and will be included in the relevant section of the AAP after grant of AoN.
25. The DPB may also carry out amendments to the AAP, if considered necessary, on account of national security requirements, operational urgencies, budgetary provisions or any other exigency based on recommendations made by SHQ/HQ IDS/Department of Defence/Department of Military Affairs/Defence (Finance).

26. **Miscellaneous Issues.**

   (a) **Independent Monitors(IMs).** Complaints arising at any stage of the procurement process could be examined by a panel of nominated Independent Monitors (IMs) based on referral by the Acquisition Wing/any other Department of the MoD or suo moto complaints by the vendors/any other agency. The details of the IMs will be intimated in the Request For Proposal (RFP). The IMs would submit their report to the Defence Secretary. The Standard Operating Procedure (SOP) issued by Central Vigilance Commission (CVC) vide Circular No 02/2017 under No 015/VGL/091 dated 13.01.2017, inter alia, assigns the following role and duties to the IMs:-

   (i) For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IMs jointly as far as possible, who would look into the records, conduct an investigation and submit their joint recommendations to the Management.

   (ii) IMs should examine the process integrity; they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organisation should be looked into by the CVO of the concerned organisation.

   (iii) The role of IMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders.

   (b) **Subject Matter Experts.** Subject Matter Experts from the fields of academia, legal, finance or industry associations may be approached at various stages of the procurement cycle. Details of all such interactions will be highlighted in the respective minutes/reports as applicable at that particular stage of procurement.

   (c) **Institutionalised Training of Personnel.** In order to increase efficiency of all entities involved in the procurement cycle, key personnel of SHQs and various departments of MoD, including MoD(Finance) will be imparted training with regards to the nuances of all procurement processes at training institutions in the country and abroad. Subsequently formalised training on the subject will be planned as part of the curriculum of Indian National Defence University (INDU). Industry associations should also conduct training of their personnel on the nuances of the Acquisition process and the DPP from time to time.
(d) **Incorporation of Artificial Intelligence (AI).** AI is a rapidly growing field of technology with potentially significant implications for national security. HQ IDS will examine the possibility of inclusion of AI in various platforms/systems and apprise the SHQ of the same from time to time.

(e) **Military Materials.** Indigenous availability of high-end Military Materials and Special Alloys is an important facet of self-reliance in defence sector. Guidelines for promotion of use of materials already available in the country and development/manufacture of materials for future needs are as follows:

(a) **Ongoing Projects.** In order to promote the use of Military Materials known to be available in the country, acquisition projects, other than ‘Buy Global’ projects, for platforms and major equipment, with substantial material component are to be examined by SHQs at RFI stage, to ascertain the feasibility of using indigenous materials. In case of ‘Buy and Make’ category, if the material is not being manufactured in the country, ToT for manufacture of materials may be sought.

(b) **Development for Future Needs.** As an ongoing process to achieve phased development/manufacture of materials within the country for use in future projects, DPSU/PSU platform manufacturers, R&D establishments and SHQ are to carry out environment scan and identify various materials that can be developed in the country by various methods including, but not limited to the following:

(i) Phased development of materials by platform manufacturers and R&D establishments.

(ii) Inclusion of ToT for manufacture and validation of materials in licensed manufacture projects.

(iii) Seeking and prioritising/promoting ToTs for military materials against Offsets.

(iv) Taking up Make I/II/ Technology Development Fund (TDF) projects for development of materials.

(f) **Indigenous Software.** In order to leverage the highly developed indigenous software expertise existing in the country, it is pertinent that maximum equipment should function with indigenous software driving the desired applications while the backend software i.e. Operating Systems continues to be OEM defined. The RFI process should clearly identify availability of indigenous software for running applications on the equipment/system and should be included in Buy (Indian – IDDM) and Buy (Indian) cases mandatorily or as Enhanced Performance Parameters (EPP).

(g) **Aero-engines and FAB.** Aero engines and FAB (facilities manufacturing silicon wafers) manufacture need to be taken up as projects of National Importance. Aero engines and FAB manufactured in India will mandatorily be procured for applicable
defence equipment as Buyer’s Nominated Equipment/ sub assemblies. These procurements will not be considered as Single Vendor Cases.

Applicability of DPP

27. Defence Procurement Procedure 2020 would be in supersession of Defence Procurement Procedure 2016 and will come into effect from 1st April 2020. This DPP would remain in force till 31 March 2025. DPP 2020 will be applicable to all AoNs granted after the date it comes into effect. The cases for which AoNs have been granted under earlier versions of DPP, but RFPs have not been issued up to 1st April 2020, will be processed under the new DPP 2020. Applicability to ongoing cases will be promulgated by the Acquisition Wing based on recommendations of the SHQ. In case the SHQ concerned wants to migrate any such case under DPP-2020, approval of the applicable AoN approving authority needs to be sought. In case of clarifications with regards to clauses and provisions of the DPP as also their applicability, the same would be examined by the Acquisition Wing and guidelines issued accordingly.

28. Amendments to DPP 2020. Acquisition Wing will also be authorised to issue amendments required to remove difficulties arising within one year of promulgation of this DPP. The DAC will be informed of all amendments carried out by the Acquisition Wing after one year. Any amendments to the DPP 2020, thereafter, will be approved by the DAC, post recommendations of the DPB, based on proposals initiated by the Acquisition Wing. All guidelines referred to in the DPP will, however, be amended based on the approval of the guidelines approving authority. Amendments to various templates, formats, flowcharts etc. included in the DPP may be amended by the Acquisition Wing as required.
Appendix A to Chapter I
(Refers to Para 6.2 of Chapter I)

UNDERTAKING TO COMPLY WITH INDIGENOUS DESIGN

We, _________________ (“Name of Vendor”), do hereby certify, undertake and confirm that:

1. The Design of _____________________ (“Named Product”), as claimed by us in response to the RFP No is owned partly or wholly by us/by an Indian entity.

2. Further, we confirm that the Design of the Named Product, as claimed by us, has not been licensed from a foreign third party except for standard software licences such as, but not limited to OS / Database / ___________________ (Strikeout / Specify as applicable).

3. The ownership of the Design, as claimed by us, enables us to manufacture, realise, sell, provide Through Life Support, modify and upgrade the Named Product without any encumbrances, except as specified below: (If any form of encumbrances exist on the product or any of its subsystems these should be elaborated here)

____________________________________________________________________________
____________________________________________________________________________

4. We further claim that we own the following IP Rights in relation to the design of the Named Product: (Specify any Patents, Registration of Designs, if any, held by the Vendor)

____________________________________________________________________________
____________________________________________________________________________

5. We also undertake to permit MoD/MoD appointed Specialists Committee, to inspect/carry out technical audit at our premises of the applicable documents, such as Design Reports, Drawings, Specifications, Software Documents & Codes, Gerber files, etc, as may be reasonably necessary and required to prove the above claim of ownership of the Design of the Named Product. (Examination on site at company’s premises only. Documents, in any form, are not be sought nor required to be submitted for examination outside the Company’s premises)

____________________________________________________________________________

6. Failure on our part to prove the ownership of the Design of the Named Product by us/by an Indian entity or submission of any false undertaking or claim as indicated in the response at any post contract stage of the intended procurement may make us liable to forfeiture of the PWBG to the extent of any direct losses or damages suffered by the MoD as a consequence of such false undertaking or failure to prove the ownership of the Design.
INDIGENOUS CONTENT ASPECTS

Definitions

1. For the purposes of the DPP, Indigenous Content (IC) for equipment or an item shall be arrived at by excluding from the contract value less taxes and duties of that equipment/item, the following elements of manufacturing/production/assembly:-

   (a) Direct costs (including Freight/transportation and insurance) of all materials, components, sub-assemblies, assemblies and products imported into India.

   (b) Direct and Indirect costs of all services obtained from non-Indian entities/citizens.

   (c) All license fees, royalties, technical fees and other fees/payments of this nature paid out of India, by whatever term/phrase referred to in contracts/agreements made by vendors/sub-vendors.

2. The format for computation of IC, ‘Indigenous Content (IC) Proforma’ by the Prime Vendor is placed as Annexure 1 to this Appendix. The Prime Contractor is required to maintain this Proforma for the purpose of any audit by the Contracting Authority during the tenure of the contract.

3. Further in all cases where IC is stipulated, it shall imply that IC is required at contract value less taxes and duties as specified in the DPP, read with additional specific requirements in this regard, if any, mentioned in the RFP.

Reporting Requirements

4. Considering the vast set of suppliers in multiple Tiers involved in production of Defence System/Equipment/item, the requirement for reporting IC are framed such that maximum coverage is achieved with practical & reasonable efforts for ensuring compliance. IC as defined in Para 1 and 2 above shall be mandatorily reported by Prime Contractor (PC) i.e. the vendor with whom the contract is signed, and key Indigenous Tier 1 (T1) & Tier 2 (T2) suppliers of manufacturing/production/assembly (as defined in para 4) to their higher stages (tiers) as a certified self-declaration, as per the format placed at Annexure – 2 to this Appendix.
**Computation of IC**

5. The foreign content (FC) for the prime vendors is included in every contract along with break-up for each currency. Further, the FC is also monitored while the vendor seeks adjustments for FERV from the Ministry of Defence (MoD) as well as at the stage of filing for the GST. The final aggregation of Foreign Content (FC) and thus the Computation of IC, shall be undertaken by the PC, with whom an acquisition contract is signed by the MoD/SHQ, as per Annexure -1 to this Appendix, based on certifications and inputs received by the PC from its’ lower tiers, as well as on the basis of PC’s own procurement actions and manufacturing activities undertaken.

6. The PC shall obtain the details required as per the IC Proforma (Annexure -1) from all the top Indigenous T1 suppliers by value ensuring that total of his own cost and value of these top T1 suppliers account for a minimum of 80% by value of the total contract value. Further, the details as per the IC Proforma (Annexure-1) shall also be obtained by the PC from Indigenous T2 suppliers of these top T1 suppliers, if one of the below conditions are met in respect of the T2 suppliers:-

   (a) the contract value of T2 supplier exceeds 10 Crores; or
   
   (b) the contract value of T2 supplier is greater than 5% of the Contract Value of the T1 supplier.

7. The Prime Contractor shall use the above inputs received from such T1 and T2 suppliers, as detailed ibid, to compute the IC.

8. For Indigenous Supplies from the balance T1 suppliers, the import content shall be aggregated in the IC Proforma by the PC, under the head ‘Balance T1 Suppliers’ at a flat estimated rate of 15% of the total value of supplies. In case the Prime Contractor desires, he may include import certification for additional Tier1 suppliers, over and above the top T1 suppliers considered in paragraph 7 above.

9. Besides the Direct Imports by the main contractor and the imports by key Tier 1 & Tier 2 suppliers, imported components/equipment bought through traders, stockists and/or local agents of foreign suppliers shall be aggregated in the IC proforma, under the head ‘Others’ at a flat estimated rate of 90% of the purchase value, unless accompanied by import certification.

**Incorporation in Contract**

10. All contracts, sub-contracts, agreements and MoUs made by prime (main) contractors (and their stipulated lower tier suppliers/vendors) with their business partners/suppliers, insofar as these contracts, agreements or MoUs relate to the main acquisition contract, shall mandatorily
incorporate the definition and reporting requirements for IC as explained in the above paragraphs.

Audit

11. The MoD can exercise its right to conduct an audit with reasonable notice of relevant certifications and costs pertaining to imports for the Contract at all or any stages (tiers) of manufacturing/production/assembly, starting from the PC downwards. The audit(s) could be conducted by the MoD itself and/or by an agency/institution/officer(s) nominated by the MoD, as may be decided by the MoD during the tenure of the Contract and completed within one year of the last delivery under the contract. However, it is clarified that financial records will only need to be maintained for duration as stipulated by the existing Income Tax regulations.

12. All contracts, sub-contracts, agreements and MoUs made by PC (and their lower tier suppliers/vendors to the extent applicable as described in para 4), with their business partners/suppliers, insofar as these contracts, agreements or MoUs relate to the main acquisition contract, shall mandatorily incorporate the right of MoD to conduct an audit in terms of Para 6. Similarly, these business partners/suppliers shall sequentially incorporate these definitions and reporting requirements with their next level (to the extent applicable as described in para 4) of business partners/suppliers in the manufacturing/production/assembly chain.

Certification

13. All relevant deliveries made under contract shall be accompanied by a certificate of IC issued by the ‘Responsible Designated Official’ i.e. the Contract Signing Authority, Authorised Signatory etc., of the PC and certified/licensed Cost Accountant / Chartered Accountant. Further, the equipment offered for trial shall be accompanied with a certificate of IC issued by the ‘Responsible Designated Official’ of the PC and certified/licensed Cost Accountant / Chartered Accountant in case the RFP mandates IC content during trials. The format for certification of IC by the ‘Responsible Designated Official’ and certified/licensed Cost Accountant / Chartered Accountant shall be as per Annexure 2 to this Appendix.

14. Performance cum Warranty Bank Guarantee (PWBG) shall be released only after the submission of a certificate (as per Annexure 2) of meeting the overall IC at Contract level furnished by the ‘Responsible Designated Official’ of the PC, after completion of all the contractual deliveries, in addition to any other requirements specified elsewhere in the contract.

15. Deliveries by the final stage of contract must conform to IC requirements and categorisation relevant to that particular stage. The Performance cum Warranty Bank Guarantee shall not be released before completing an audit of the IC in all relevant deliveries by the MoD or
its nominated agency/institution/officer(s), if such an audit is notified and initiated by the Contracting authority.

**Withholding of Payments and Imposition of Penalties**

16. In case a particular delivery is deficient in achieving mandatory IC for that stage, an amount of 5% of the cost of that stage delivery shall be withheld from payment for that stage. However, if the vendor achieves the mandatory IC on a cumulative basis by the next stage of delivery, the amount so withheld shall be released to the vendor without interest. All such payments withheld above shall be forfeited upon failure to achieve required IC by the stage of last delivery of the relevant product. In addition, the Performance-cum-Warranty Bank Guarantee shall also be forfeited upon failure to discharge IC obligations as per contract.

17. In case mandatory IC is not achieved by a vendor and/or if a false certificate is furnished by a vendor/sub-vendor, the Ministry can initiate any action/proceedings against the erring Indian vendor/sub-vendor and its allied firms under any extant law(s)/rules in force. This right can be exercised by the Ministry at any point of time.

**Miscellaneous**

18. In the event of non-incorporation of the definitions and/or audit requirements laid down in contracts or agreements vendors with next tier at any stage (tier) of manufacturing/production/assembly, it shall be presumed that items/services provided by that stage/tier to the next (tier) have no IC for the purposes of the DPP. Similarly, in the event of non-certification of IC at any stage (tier) as required herein, it shall be presumed that items/services provided by that stage/tier to the next stage (tier) have no IC for the purposes of the DPP. In such cases, the MoD can take any of the steps as per paragraphs 16 and 17 above against the PC.
## INDIGENOUS CONTENT (IC) PROFORMA

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Import (In USD terms)</th>
<th>Import (In EUR terms)</th>
<th>Import (In GBP terms)</th>
<th>Import (……)</th>
<th>Total (Rs.)</th>
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<tbody>
<tr>
<td>1</td>
<td><strong>Import Content of Equipment &amp; Materials</strong></td>
<td></td>
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<td></td>
<td>- Basic Eqpt &amp; Material (by PC &amp; stipulated T1 &amp; T2 suppliers)</td>
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<td></td>
<td>- MRLS (by PC &amp; stipulated T1 &amp; T2 suppliers)</td>
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<td></td>
<td>- Special Maint. Tools (SMT) (by PC &amp; stipulated T1 &amp; T2 suppliers)</td>
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<tr>
<td></td>
<td>- Special Test Equipment (STE) (by PC &amp; stipulated T1 &amp; T2 suppliers)</td>
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<td></td>
<td>- Freight / Transportation &amp; Insurance (if paid by supplier)</td>
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<tr>
<td></td>
<td>- Balance T1 Suppliers (@15% FC)</td>
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<tr>
<td></td>
<td>- By Others (@90% FC)</td>
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<td></td>
<td><strong>Sub Total (A)</strong></td>
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<tr>
<td>2</td>
<td><strong>Import of Services</strong></td>
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<tr>
<td></td>
<td>- Royalty Fee</td>
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<td></td>
<td>- Licence Fee if any</td>
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<td></td>
<td>- Technical know-how fee</td>
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<td></td>
<td>- Consultation fees</td>
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<tr>
<td></td>
<td>- Other fees/payment</td>
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<td></td>
<td><strong>Sub Total (B)</strong></td>
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<td></td>
<td><strong>Grand Total - C = (A+B)</strong></td>
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### Computation of Indigenous Content

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<th>(D)</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>Base Exchange Rate (Ref Note 1,2)</td>
<td>(D)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>Import in INR based on Base Exchange Rate (Ref Note 1,2)</td>
<td>E=(C*D)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Contract Value excluding Taxes, Duties &amp; Statutory Levies (Refer Note 3)</td>
<td>(F)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6</td>
<td>Indigenous Content</td>
<td>$G = (F - E)$</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Indigenous Content (%)</td>
<td>$IC = G \times 100 / F$</td>
<td></td>
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</tbody>
</table>

Note:
1. Base Exchange Rate will be the BC Selling Rate of the Parliament Street Branch of State Bank of India, New Delhi.
2. Exchange rate for IC computation should be taken on the date of submission of the Techno-commercial/commercial bid.
3. CD, GST and any other applicable taxes, duties, statutory levies should be excluded from both numerator & denominator for calculation of IC ratio.
4. The consolidated IC Proforma and applicable IC Proforma, Certificates of applicable T1 & T2 suppliers are to be maintained by the Prime Contractor and made available for audit by the Contracting Authority.
5. The IC Proforma/Certificate are to be submitted along with or before the final invoice of the contract. At all prior stages the Prime Contractor shall submit an undertaking of compliance.
FORMAT FOR CERTIFICATION OF INDIGENOUS CONTENT

This is to certify that we, ________________ (Name of Prime Contractor) have achieved/are offering the following IC in the accompanying delivery under contract/equipment being offered for trials/prototype, as defined under the Defence Procurement Procedure and as required under the RFP/Contract (tick whichever is applicable) No. _____________ dated ________________.

Signed by:

‘Responsible Designated Official’
______________ (Name of Prime Contractor)

Certified by:

Certified/Licensed Cost Accountant / Chartered Accountant
(Name /Name of Firm)
Membership Number / Registration Number
CHAPTER II

ACQUISITION PROCEDURES FOR CATEGORIES UNDER ‘BUY’, AND ‘BUY AND MAKE’ SCHEMES

Acquisition Process

1. The acquisition process for the categories of procurement under the ‘Buy’ and ‘Buy & Make’ schemes will involve the following processes:-

(a) Request for Information (RFI).

(b) Formulation of Services Qualitative Requirements (SQRs).

(c) Acceptance of Necessity (AoN).

(d) Solicitation of offers, including Offset offer, if applicable.

(e) Evaluation of Technical offers by Technical Evaluation Committee (TEC).

(f) Evaluation of Offset Offers by Technical Offset Evaluation Committee (TOEC).

(g) Field Evaluation Trials (FET).

(h) Staff Evaluation.

(j) Oversight by Technical Oversight Committee (TOC), if required.

(k) Commercial negotiations by Contract Negotiation Committee (CNC).

(l) Approval of the Competent Financial Authority (CFA).

(m) Award of contract/placing of Indents.

(n) Post-Contract Management.

Request for Information (RFI)

2. Request for Information (RFI), as the name suggests is a means to seek information from the vendors; to inter-alia explore suitability of products available to meet the operational requirements of the Services, and to formulate broad services qualitative requirements, maintenance philosophy, as well as other contractual provisions.
3. The RFI would be hosted on MoD’s centralised acquisition portal besides being sent to known vendor base, for seeking relevant information, on specific procurement schemes. In order to enable wider market survey and participation, SHQs may seek information from multiple sources, such as Defence Attaches, internet, other MoD/MHA/law enforcement agencies, defence journals/magazines/exhibitions, previously contracted cases and any other relevant information source, including renowned defence equipment databases. The issue of RFI is not a commitment for procurement.

4. **Use of Specialised Tools / Data Sets / Consulting.** Defence acquisition is unique by virtue of technological complexity, geo-political ramifications, very high cost, supplier constraints and a lack of clarity on costing of products being offered by vendors. Consequently, to make the process of defence procurement more objective, effective and efficient, SHQ should explore the feasibility of subscribing to renowned defence equipment databases/specialist tools/consulting services available in the market to assist in examining the types and nature of equipment being deployed by our adversaries, as also available in the world market, so as to help SHQs in formulation of Long Term Perspective Plans, as well as drafting of realistic SQRs, besides assisting CNCs to arrive at realistic price benchmarking.

5. The main objectives of the RFI are as follows: -

   (a) To formulate/refine/rationalise the SQRs; this exercise may involve rational combination of different product specifications and should result in a practical, achievable and aspirational product requirement that can be objectively evaluated.

   (b) To identify vendor base.

   (c) To generate inputs for structuring the RFP.

   (d) To aid in deciding the acquisition category, based on the Defining Attributes and Decision Flow Charts (as detailed in Appendix A to this Chapter).

   (e) To determine the indicative budgetary and cost implications.

   (f) To aid in deciding the desired maintenance philosophy i.e. whether to procure MRLS or opt for other modes of maintenance support like AMC, PBL etc.

   (g) To seek inputs for formulating Draft Trial Methodology and identify Indian/International Standards applicable for evaluating the SQRs.

6. The RFI should clearly indicate the following: -

   (a) Capabilities sought in the equipment/system/platform.

   (b) Quantity required and anticipated delivery timeframes.
7. A suggested format of the RFI is attached at Appendix A to this Chapter. The RFI should inter-alia seek the following inputs from the vendors:

(a) Details for generating/refining/rationalising the SQRs.

(b) Scope, depth and range of ToT and key technologies identified by SHQs in consultation with other stakeholders, as applicable.

(c) Capability of Indian vendors to indigenously design and develop the required equipment.

(d) Applicable key technologies and materials required for manufacturing of the equipment/system/platform and the extent of their availability or accessibility in case they are not available in India.

(e) Availability of the equipment/system/platform in the Indian market, level of indigenisation, delivery capability, maintenance support, life time support etc.

(f) In cases where requisite expertise to indigenously design or manufacture the equipment is not available and procurement is envisaged from global vendors; explore willingness of global vendors to:

(i) Enhance indigenisation and setup dedicated manufacturing line in India; or

(ii) To progressively undertake manufacture of systems, subsystems, components, consumables, spares, ammunition, materials, etc, of the main equipment/platform in India, or

(iii) To transfer technology for maintenance infrastructure, where applicable.

(iv) Consider making India, a regional/global hub for manufacturing/MRO of the equipment.

(v) To procure indigenous raw materials or facilitate transfer of technology for production of raw material.
(g) Approximate cost estimation and suggestions for alternatives to meet the same objective as mentioned in RFI.

(h) Inputs on maintenance philosophy, including aspect that go into determining the cost of the scheme, such as Engineering Support Package, Life-Cycle Support, Performance Based Logistics, Annual Maintenance Contract (AMC), other maintenance arrangements, training, etc.

(j) Inputs on compliance to test standards followed in India, certifications available with Vendor pertaining to quality management and quality of product/systems and their accreditation bodies, test facilities available for certification in firm premises or in the country of OEM.

8. RFI would be formulated by SHQ, in consultation with DRDO, DDP, HQ IDS and trial agencies. A copy of the draft RFI will be shared with DRDO, DDP, trial agencies (including QA agencies, EMI/EMC testing agency, MET, etc), HQ IDS and other services (for comments on issues of commonality and interoperability), to ensure that comprehensive response is generated from vendors, to facilitate addressing all aspects of operational requirements and defining attributes. All agencies should provide their comments within six weeks of receiving the draft RFI, post which it will be considered as ‘Nil-comments.’ The comments obtained would be incorporated, where applicable. RFI should also ask for details about the vendors as per the ‘Information Proforma’ attached at Appendix B to this Chapter. The ‘Guidelines for Framing Criteria for Vendor Selection’, as attached at Appendix C, will also be appended to the RFI. SHQs should clearly bring it to the notice of the respondents that non conformity/ no response to any query in the RFI would in no way debar them from issue of RFP.

9. The RFI should also explore the feasibility for achieving of progressive Indigenisation as also obtain details of the foreign OEM’s ability with regards to the following aspects:-

(a) Willingness and ability to transfer desired technologies to Indian industry or to a joint venture, in case ToT is envisaged.

(b) Setup dedicated manufacturing line, including design, integration and manufacturing processes in India, either through its own subsidiary or in a joint venture with an Indian company.

(c) Undertake indigenous manufacture of systems, subsystems, components, consumables, spares, ammunition, materials, etc, in India, either through its own subsidiary or in a joint venture with an Indian company.

(d) Set-up an ecosystem of indigenous vendors/manufacturers for sustenance of the equipment in terms of repairs of systems, sub-systems, assemblies, components, etc. as also testing facilities.
(e) Make India, a regional/global hub for MRO for the Platform/equipment.

10. As RFI is a means to seek information from the vendors; SHQs may issue supplementary RFI(s), as required, to ensure that the information collated is comprehensive and results in formulation of accurate and quantifiable SQRs. Where required, supplementary RFIs may be issued to seek greater details on evaluation methodology, supportability, maintenance, training, EMI / EMC and quality issues. RFI is also meant to provide advance intimation for the vendors to obtain requisite government clearances.

11. In addition, extensive interactions with the vendors should be held by the SHQ, after uploading the broad details of the scheme on MoD and SHQ websites. After interaction, vendors should be given sufficient time (not less than eight weeks) to respond to the RFI. Extension of time for submission of RFI responses may be given by SHQ. Based on general information that is obtained from the vendors, the ‘Competency Map’ of the participating Indian industry and indigenous raw material producers should be updated by DDP.

12. Prior to finalisation of SQRs, SHQs may also interact with the industry, if required. The inputs so obtained should result in the form of a compliance table of SQRs, vis-á-vis technical parameters of equipment available.

Military Materials

13. Indigenous availability of high-end materials and special alloys is an important prerequisite for self-reliance. For promoting the use of indigenous military material and encouraging its development and production in the country, the methodology of classification of military material is placed at Annexure I.

14. **Dissemination of Information on Materials.** MoD may obtain information of material requirement and their availability, from all relevant stakeholders like various platform manufacturers, material manufacturers/ developers, DPSUs/ Industry Associations/ DRDO/ Services/ HQIDS and provide a platform for periodic interaction between all stakeholders including material manufacturers.

15. **Promotion of Use of Military Materials.** To ascertain the feasibility of use of indigenous military materials already being manufactured in the country, SHQ during the RFI Stage is to examine acquisition projects for platforms and other equipment/ systems other than “Buy Global” projects, with substantial material component. If the material is known to be available, additional RFI to material manufacturers may be issued and further information may be sought on the following aspects:

(a) Identification of the main material in case of platforms and details of major input materials in case of equipment/ systems.
(b) Availability in the country and known sources.

(c) Vendor’s likely plan for sourcing the material(s).

(d) Likely cost of material(s) if sourced from Indian vendors as compared to their import cost.

16. Based on the outcomes of the above exercise/ internal feasibility study and approximate cost of material as arrived from RFI response from Main Vendor or Material Manufacturer, SHQ, at the time of seeking AoN, should include the proposed methodology for sourcing of the material for the project in the SoC (in ‘The Scope for Use of Indigenous Materials’ section of SoC) as per following:-

<table>
<thead>
<tr>
<th>Ser</th>
<th>Reason for Not Using Indigenous Raw Material</th>
<th>Suggested Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Material(s) available in India but not being utilised for military applications due to lack of knowledge of availability of material(s) in India and/ or for convenience of use of material(s) from established import source</td>
<td>Define the requirement of use of only indigenous material(s) and/ or Incentivise subject to a cap of 0.5% of total order value. In case of more than one material being used, the incentivisation for each material should be in proportion to relative value and/ or Indicate likely sources as BNE material.</td>
</tr>
<tr>
<td>(b)</td>
<td>Not being utilised for military applications due to cost of indigenous material(s) being marginally higher compared to import cost</td>
<td>Define the requirement of using only indigenous material(s) and/ or Provide incentivisation up to 15% of the cost of the material subject to maximum ceiling of 0.75% of total order value. In case of more than one material being used, the incentivisation for each material should be in proportion to relative value</td>
</tr>
<tr>
<td>(c)</td>
<td>Not being utilised as the indigenous material(s) not validated</td>
<td>Provide incentivisation up to 25% of the cost of the material subject to max ceiling of 1.0% of total order value. In case of more than one material being used, the incentivisation for each material should be in proportion to relative value</td>
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</tbody>
</table>

**Indigenous Software**

17. In order to leverage the highly developed indigenous software expertise existing in the country, it is pertinent that maximum equipment should function with indigenous software driving the desired applications while the backend software i.e. Operating Systems continues to be OEM defined. The RFI process should clearly identify availability of
indigenous software for running applications on the equipment/system and its analysis should determine whether the project should mandatory require the vendors to base applications being run on their solution (especially critical components like Fire Control System, Radars, Communications, Encryption sub systems) on indigenous software in Buy (Indian – IDDM) and Buy (Indian) cases. In case the requirement is not made mandatory, Enhanced Performance Parameters (EPP) with respect to indigenous software should be defined with commensurate credit score (as per para 10.3 of Chapter II) in the Services Qualitative Requirements (SQRs) to provide for the enhanced capability being offered.

Services Qualitative Requirements (SQRs)

18. **Characteristics of SQR.** All capital acquisitions will be based on SQRs, which need to lay down the fundamental user requirements in a comprehensive manner. The SQRs need to be realistic, achievable and verifiable and must avoid ambiguity of any type. SQRs must be broad based and must not be tailored from/for a particular product or service and must result in procurement of the items that best meet the requirements of the armed forces. The SQRs would be based primarily on operational, technical, maintainability, ergonomic and enhanced performance parameters. It may not be viable for all vendors to produce a complex and costly equipment precisely customised for unique requirements, within limited time and in limited numbers, for assessment and evaluation at Field Evaluation Trial (FET) stage. The parameters of SQRs, which are generated through RFI process, are classified as under and further detailed as part of the RFP:-

18.1 **Essential Parameters-A.** These are parameters that are generally a part of the contemporary equipment available in the market and form the core of the SQRs; Essential Parameters -A will be tested and validated at FET stage.

18.2 **Essential Parameters-B.** Though not available originally in the equipment fielded for the FET, these parameters can be developed and achieved by the vendors using available technologies. These parameters need to be tested and validated within a specified time frame as stipulated in the contract. These tests for Essential Parameters - B should also validate that there is no adverse effect on any of the Essential Parameters - A. However, vendors should be able to substantiate and need to provide an undertaking, at the bid submission stage, that they will develop and meet the Essential Parameters - B with their existing capabilities, on entering into a contract. In procurement cases involving Essential Parameters - B, an Additional Bank Guarantee valued between 5% and 10% of the contract value of equipment required with Essential Parameters - B, as determined by the AoN according authority, needs to be submitted, in addition to the Performance Bank Guarantee; the quantum of the Additional Bank Guarantee must be stated in the RFP. Failure to meet the Essential Parameters - B after signing of the contract and within the stipulated time frame, will lead to forfeiture of all bank guarantees (Performance Bank Guarantee, Additional Bank Guarantee and Advance Bank Guarantees if any) and attract other penal provisions as may be prescribed by the Government. On meeting the Essential Parameters - B as per contract terms, the Additional Bank Guarantee will be released.
and returned to the contracted vendor. Essential Parameters - B may be evaluated at the FET stage, if any equipment, as claimed by the vendor(s), can meet them and are willing to get their equipment trial evaluated for Essential Parameters B at FET stage (a written undertaking in this regard will be obtained from the vendor prior to commencement of FET by SHQ). Essential Parameters - A and Essential Parameters - B (if applicable) are non-negotiable requirements to be met by the vendor, prior to commencement of equipment delivery. The provision to incorporate Essential Parameters - B will be used only when required, with approval of AoN according authority and will not be used when two or more vendors claim to possess the same at the RFI stage. Essential Parameters - B will not be included in ab-initio single vendor cases. Essential Parameters - B may also be incorporated in the SoC, for provision of partial quantities of the items being procured, to meet different/higher specifications for specific operational requirements.

18.3 **Enhanced Performance Parameters (EPP).** EPP are those parameters that enhance the capability of the equipment, vis-à-vis the operational, technical, maintainability/ergonomic parameters; a SQR may not contain EPP in all cases. Inability to meet the EPP does not preclude vendors from being eligible for the bidding/bid evaluation. However, if a vendor claims to have equipment meeting the EPP as specified in SQR and RFP, then they must provide details of the same in their technical bids, which have to be tested for compliance during the FET itself. Equipment successfully meeting the EPP parameters will be awarded a credit score of up to 10%, for evaluation of L1, with each individual attribute not exceeding a credit score of up to 3%, as approved by the AoN according authority. In case procurement involves EPP, then the EPP and their credit scores need to be explicitly detailed in the RFP. In such cases, if the equipment supplied by a vendor does not have the EPP, then the commercial quote of the vendor, for the purpose of L1 determination, remains as it is. In cases where a vendor’s equipment meets the EPP, the commercial quote will be multiplied by a credit factor less than 1 and greater than or equal to 0.9, based on the additional technical score assigned for the EPP, as detailed in the RFP. For example, if a vendor quotes ₹ 10 Crores for an equipment and meets a certain EPP for which an additional credit score of 2% is being provided, then the commercial quote of this vendor will be considered for L1 determination purpose only, as ₹ 9.8 Crores (10 Crores multiplied by 0.98) and not ₹10 Crores; however, for all purposes other than L1 determination, the value of the commercial quote will be considered as ₹ 10 Crores only.

19. **SQR Formulation.** The SQRs would be drafted by a SQR Formulation Committee (SQRFC) at SHQ. The committee would be convened by VCDS/DCOAS/DCAS/VCNS on receipt of RFI responses for all case listed in respective Services AAP/SCAP, pertaining to cases listed in the Services AAP/SCAP, by the User Directorate. The SQR Formulation Committee would deliberate and finalise the SQRs and recommend award of credit scores to EPP, if applicable. The draft will be circulated to DRDO, DDP, HQ IDS and respective TMs and their comments would be incorporated, where
applicable. To ensure that this process is completed in a time-bound manner, all addressees are to forward their comments within six weeks, post which it will be deemed to be nil comments. Once finalised, the SQRFC would get the SQRs and credit scores for EPP, if any, approved from the respective Staff Equipment Policy Committee (SEPC) within six months from the date of convening. Any extension thereto, if required for approval of SQR, would be granted by VCDS/VCOAS/DCAS/VCNS. The SQR Formulation Committee would also be responsible for preparing a draft Trialability Matrix specifying the various parameters to be evaluated during the trials.

20. **Composition of SQR Formulation Committee.** The SQR Formulation Committee for SHQs will comprise of members from all stakeholders. The appointment of Chairman of the said committee will be tenanted by a Brigadier or equivalent officer from SHQ. The other members will include a Director level officer (Member Secretary) from User Directorate, representatives from User Trial Agency, QA agency, Operations Branch, Procurement Directorate of the SHQ, and Maintenance agency. The Chairman is empowered to nominate any other additional members/ Subject Matter Experts as deemed necessary. The Subject Matter Experts may include those professional/technical experts who have extensive knowledge/experience on the equipment/systems/technologies involved in the equipment under consideration. SHQ will maintain a list of such experts from appropriate fields, which may include experts drawn from academia, industry associations, IITs/IISc as required. DRDO may provide subject matter experts till HQ IDS draws a panel of experts from Academia/Industry Associations/IITs/IISc. The SQR Formulation Committee for Coast Guard would be guided by a SOP as promulgated by CGHQ. SHQ will draw their own SOP on SQR formulation based on broad guidelines enunciated above.

21. **Format of SQRs.** The SQRs, as far as possible, would follow a standardized format as under :-

(a) Introduction & Operational Philosophy/Proposed Employment of equipment/system/platform.

(b) **Essential Parameters-A.**

(i) **Operational Parameters.** Unambiguous, non-negotiable, essential functional requirements laid down by the Services, which clearly define basic profile of an equipment/system, specifying minimum acceptable performance requirements thereby defining ‘Core Capabilities’ of the equipment/system would be termed as Operational Parameters.

(ii) **Technical Parameters.** Based on the Operational Parameters, scientific and technical characteristics required in the system to achieve these operational capabilities would be drawn out after due analysis of contemporary and developing technology in the field.
(iii) **Maintainability & Ergonomic Parameters.** These parameters will primarily relate to aspects like maintenance, crew comfort, storage of equipment, packing material etc.

(c) Essential Parameters-B

(d) Enhanced Performance Parameters (EPP) along with proposed credit scores.

22. In cases where other services also intend to procure similar equipment in the next three years, the lead service will process the Joint Service Quality Requirements (JSQRs) through the Integrated Staff Equipment Policy Committee (ISEPC). Conversion of SQR to JSQRs will not be mandatory in cases where quantities required by other Service(s) is 20% or less as compared to the lead service, and the joint procurement case would be progressed on the SQRs itself. In cases, where a service opts to join an ongoing procurement case of other service at the time of seeking AoN, with no change in the SQRs, the case would be progressed on the lead service SQRs, and the same SQRs would be subsequently converted into JSQRs, for future procurements.

23. **Approval of SQRs.** SQRs will be fielded for approval of the respective Staff Equipment Policy Committees (SEPC) within six months of the constitution of the SQRFC. In cases of Joint Service Quality Requirement (JSQR), the same would be approved by the Integrated Staff Equipment Policy Committee (ISEPC) within six months of the constitution of the SQRFC. A copy of the approved SQR/JSQR would be submitted along with the ‘Statement of Case’ (SoC) for seeking AoN.

24. **Amendment to SQR Parameters.** There may be situations wherein SQRs need to be amended post accord of AoN, till issue of RFP. In case the requirement is to amend an Operational parameter of SQR, the approval for same would be accorded by AoN according authority. However, for amendment in any other parameter of SQR, the approval may be accorded by Staff Equipment Policy Committee (SPEC)/Integrated Staff Equipment Policy Committee (ISEPC). Any amendment to SQR after issue of RFP would be approved by the AoN according authority. No changes to the SQR will be generally permitted after issuance of RFP, other than following cases, with approval of the AON according authority:-

(a) Repeat Order.

(b) Ab-initio Single Vendor Cases for indigenously designed or manufactured by DPSU/OFB/DRDO.

25. Quality standards such as JSS 55555 and other relevant standards are essentially guidelines for defining environmental conditions in the SQRs, and are not a mandatory condition to be applied across the board. SHQs, in consultation with QA agencies, are to carefully incorporate the severity of environmental conditions of tests as per governing
standards. SQRs should contain specific and verifiable parameters for the capabilities sought. Generic terms such as ‘all weather capability’, ‘state-of-the-art’, etc, are not to be included.

Acceptance of Necessity (AoN)

26. AoN based on SQRs/JSQRs will be obtained by SHQ within six months of their approval by the ISEPC/respective SEPC. In cases with estimated cost more than 3000 crores, AoN may be obtained within one year of their approval by the ISEPC/respective SEPC. In order to seek AoN, the SHQs would prepare a SoC as per format at Appendix C and Schedule I to this Chapter respectively. To guide the acquisition planner/steering Directorates at SHQ on arriving at the optimal scope while preparing SoC and/or RFP as relevant, flowcharts assisted guidelines with relevant instructions are placed at Appendix E and its annexure. The SoC shall clearly bring out all the aspects of acquisition project like broad deliverables, proposed repair and maintenance philosophy, delivery schedule, time lines of procurement and financial aspects required etc. The SoC will include assessment of the acquisition category against the Defining Attributes as given at Appendix E to this Chapter.

27. Processing of AoN : Non Delegated Power Cases. SHQ would prepare the draft SoC after detailed internal consultations as per Appendix C to this Chapter, to include assessment of the acquisition category against the Defining Attributes as given at Appendix A to this Chapter. The draft SoC would be approved by the Head of the respective User/Plans Directorate/equivalent of the Services. Copies of the draft SoC would be forwarded to DDP, DRDO, Acquisition Wing, MoD (Finance) and HQ IDS along with copies to Technical Manager and Finance Manager. The Quantity vetting would be carried out by the Finance Manager on the basis of the SOP promulgated by Defence (Finance). HQ IDS would also examine aspects of interoperability and commonality of equipment for the three services. In order to ensure that the AoN according process is completed in a time bound manner, each SoC would be commented upon by all addressees within four weeks of receipt, so that the proposals are considered by the Categorisation Committee within a 4 to 6 week cycle. The finalised SoC, duly considering all comments received, will be fielded in the DPB by the concerned SHQ. Secretariat of the DPB will circulate the SoC to all members and invitees as applicable. AoN for all cases upto 500 Crores will be accorded by the DPB. In cases beyond 500 Crores, DPB will recommend categorisation, based on the proposal of the SHQ and refer these to the DAC for accord of AON. The SoC, duly amended as per recommendations of the DPB, will be forwarded to the Secretariat of the DAC for cases to be fielded in DAC. The Secretariat of the DAC will circulate the SoC being fielded in DAC to all members and invitees. A draft RFP will also be forwarded by SHQ to respective TMs along with a copy of the SoC being fielded in DPB/DAC for accord of AoN.

28. Processing of AoN : Delegated Power Cases. SHQ would prepare the draft SoC after detailed internal consultations as per Appendix C to this Chapter, to include assessment of the acquisition category against the Defining Attributes as given at Appendix A to this Chapter. The draft SoC would be approved by the Head of the respective User/Plans Directorate/equivalent of the Services. Copies of the draft SoC would be forwarded to DDP, DRDO, PIFA/IFA (Capital) and HQ IDS. The Quantity vetting would be carried out by the
PIFA/IFA (Capital) on the basis of the SOP promulgated by Defence (Finance). HQ IDS would also examine aspects of interoperability and commonality of equipment for the three services. In order to ensure that the AoN according process is completed in a time bound manner, each SoC would be commented upon by all addressees within four weeks of receipt, so that the proposals are considered by the Categorisation Committee within a 4 to 6 week cycle. The finalised SoC, duly considering all comments received, will be fielded in the Services Procurement Board (SPB), erstwhile SCAPCHC (Delegated), by the concerned SHQ for accord of AoN. Secretariat of the SPB will circulate the SoC to all members and invitees as applicable. An internal collegiate RFP vetting will be held at the SHQ post accord of AoN and the draft RFP will then be forwarded to respective TMs. The SPB will be held at least once every month and minutes of the same should be issued within two weeks of the meeting.

29. The AoN according authority may accord AoN with higher or lower threshold of IC than those stipulated for various categories on a case to case basis. Detailed justification for the change recommended will be included in the minutes of the Committee’s deliberations and will also be included in the SoC while seeking AoN from the DAC.

30. To promote indigenisation, DDP, through regular and structured interactions with Acquisition Wing and SHQ, besides sharing details of schemes that the SHQs are likely to pursue in the next six months, will also share schemes being fielded for categorisation in the SPB/DPB, with the industry. Based on the feedback or where participation by Indian industry is envisaged, the SPB/DPB may also invite industry representatives, associations/representatives nominated by industry associations. The representatives so invited would give presentation and clarifications, as required by the Categorisation Committee. The representatives would, however, not be present in the internal discussions and during the decision making process of the Categorisation Committee. The inputs received from Industry and recommendations of the SPB/DPB (as applicable) would be included in the minutes and highlighted before the AoN granting authority.

31. The appropriate Production Agency (PA) in single vendor cases involving Transfer of Technology (ToT) will be nominated by the AoN granting authority, while the PA could be selected by the foreign OEM from any of the Indian public/private firms including a joint venture company, in multi vendor cases, as per eligibility criteria promulgated vide DDP MoD ID No. PCIII – 9(46)/2018/DPP/2016/DP(Plg-V) dated 27 August 2018 or as updated, to be provided in the RFP.

32. In cases of exercising of Option Clause, SHQ will examine the viability of the same vis-à-vis fresh procurement and the same will be endorsed in the SoC for seeking AoN. Option Clause and Repeat Order cases will not follow the dual vetting of SCAP, but would be fielded directly in the AoN according committee, depending upon the estimated financial value of the case.

33. 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 and L2 vendors, provided L2
vendor is ready to match L1 price, will be taken in the AoN and the same will pre disclosed in
the RFP.

34. AoNs accorded by SPB/DPB/DAC will be hosted on the MoD and SHQ websites by
respective SHQ within one week of issue of minutes.

35. Subsequent to the accord of AoN, the broad details of the projects/procurement would
be hosted on the MoD and SHQ websites. Additional vendors, who did not respond to the
RFI, may express interest for receipt of RFP and submission of bid, within four weeks from
the date of publication of details on these websites.

36. Preference will be given to indigenous design, development and manufacturing of
defence equipment. Therefore, whenever the required arms, ammunition and equipment are
possible to be made by Indian Industry, within the time lines required by the Services, the
procurement will be made from indigenous sources. While examining procurement cases, the
time required for the procurement and delivery from foreign sources vis-à-vis the time
required for making it within India, along with the urgency and criticality of the requirement
will be examined before deciding to proceed on categorisation. Accordingly, the
Categorisation Committees, while considering categorisation of all capital acquisition under
the DPP, will follow a preferred order of categorisation, as detailed in Para 4 (Chapter I).

37. In accordance with the order or preference prescribed at Para 4 (Chapter I. SoCs
(including cases under Chapter IV ‘Procedure for Defence Shipbuilding’ and Chapter V ‘Fast
Track Procedure’) seeking AoN shall contain (refer Para 6(a) of Appendix C to this Chapter a
detailed justification for recommending categorisation as well as reasons why each of the
higher preferred categorisation have not been considered suitable for the purpose.
Considering the merits of the case and the timelines required, AoN granting authority may
approve any procurement to be pursued under the Fast Track Procedure, at the time of AoN,
to ensure expeditious procurement for urgent operational requirements foreseen as imminent
or for situations in which a crisis emerges without a prior warning, or where
undue/unforeseen delay, due to reasons beyond the control of the acquisition set up, is seen to
be adversely impacting the capacity and preparedness of the Forces. Post grant of AoN, FTP
cases would be processed as per provision of the Delegated/Non Delegated powers as
applicable.

38. **AoN Validity.** AoN for categories under ‘Buy’ and ‘Buy and Make’ schemes
will be valid for six months. AoN will be valid for one year in case of ‘Buy and Make
(Indian)’ category and all Turnkey projects. AoN would lapse for all cases where the RFP is
not issued within the original validity period of AoN. In such cases, the SHQ would need to
either seek re-validation of AoN or a fresh AoN with due justification for not processing the
case in time. For cases where the original RFP has been issued within the original validity
period of AoN and later retracted for any reason, the AoN would continue to remain valid, as
long as the original decision and categorisation remain unchanged, provided the subsequent
RFP is issued within a time period not exceeding the original validity period of the AoN,
from the date of retraction of original RFP. The validity of AoN would commence from the date of formal issue of Minutes of Meeting of the concerned Categorisation Committee.

39. **Procurement from Government e-Marketplace (GeM).** Common use equipment which is non military grade/COTS will be procured as per procedure laid down in Paragraph 149 of GFR 2017 (amended vide Ministry of Finance, Department of Expenditure Office Memorandum No. F.1/26/2018-PPD dated 02 April 2019) after obtaining AoN for Open Tender Enquiry through GeM or extant other procedures in vogue. After accord of AoN, approval of CFA will be sought and orders will be placed directly, by SHQ, as per extant procedure.

40. **Offset.** The offset clause would be applicable for ‘Buy (Global)’ or ‘Buy and Make’ categories of procurements where the estimated cost of acquisition is ₹ 2000 Crores or more, on the date of accord of AoN. However, DAC may consider partial or full waiver of offset clause. In case of a waiver for a particular acquisition case, eligible/selected Indian vendors need to be exempted from the corresponding IC stipulations. The procedure for implementing the offsets provisions is at Appendix/ Chapter ____.

**Solicitation of Offers**

41. Solicitation of offers will be as per ‘Single Stage - Two Bid System’. It will imply that a RFP would be issued soliciting the technical and commercial bids together, but in two separate and sealed envelopes. In cases where no TEC and FET are envisaged, approval to issue commercial RFP/place Indent would be solicited as part of the AoN.

**Buy and Make (Indian)**

42. The process of issue of RFI etc. for such cases shall follow standard acquisition processes as per Paras 2-15 (Chapter II), except that SQRs can be finalised after the issue of AoN, but prior to issue of RFP in ‘Buy & Make (Indian)’.

43. While seeking AoN under Paras 16 - 25 (Chapter II), the SHQ shall specify in the SoC the technologies required to be absorbed by the Indian vendor, as per categorisation given at Para 1(k) of Appendix G to Schedule I of this Chapter. These technologies shall be identified in consultation with other stakeholders (DRDO/DPSU/OFB/Private Industry), as applicable.

44. Preliminary SQRs (PSQRs)/SQRs, shall be appended to the SoC while seeking AoN for ‘Buy & Make (Indian)’ cases. AoN for such cases shall be valid for a period of one year from the date of accord.

45. Solicitation of offers shall be progressed as per Paras 29-30 and 43-54 (Chapter II).

46. First stage vendor short-listing by SHQs under Para 15 (Chapter II) shall be carried out based on PSQRs/SQRs approved at the AoN stage. However, after accord of AoN but prior to issue of RFP, the SHQ, along with other stakeholders (as applicable) shall hold
consultations with the first stage short-listed vendors. These consultations may relate to PSQRs, delivery timelines and technology absorption aspects.

47. If required, representatives of DDP and DRDO shall be associated with collegiate vetting of RFP under Para 31 (b) (Chapter II).

48. The RFP shall seek an indigenisation and a technology absorption plan in strict accordance with (i) IC requirements and (ii) technology absorption requirements (range, depth and scope of technology), as detailed in the RFP.

49. Further processing of these cases shall be undertaken as per procedure prescribed for ‘Buy and Make’ category.

50. Vendors, while responding to the RFP, shall ensure that their foreign partner(s) from whom technology transfer is obtained should be OEMs or their authorised licensees, design agencies or government sponsored export agencies. In addition, such foreign partner(s) should not have been suspended or debarred by the MoD. In case the foreign partner(s) of the vendor are suspended or debarred by MoD, the vendor shall indicate the same and will furnish details of such ban / debarment alongwith copy of Government letter under which this ban / debarment / suspension was lifted / revoked along with justification for participation of that partner in the procurement case. MoD shall take a call on the matter based on penal provision as under Para 93 of this Chapter.

51. The Indian vendors participating in such cases shall remain liable to achieve mandatory IC requirements for this category as laid down under Para 8 (Chapter I).

**Request for Proposal (RFP)**

52. The RFP will be a self-contained document that will enable vendors to make their offer after consideration of full requirements of the acquisition. A standardised RFP format is attached as Schedule I to this Chapter for guidelines. It may be varied depending on user requirements, type/complexity of equipment/ machinery/test equipment and operational imperatives. SHQ may alter it as per their service requirements and it will be applicable for all acquisitions. It will generally consist of four parts as under:-

(a) **General Requirements.** The first part elaborates the general requirement of the equipment, the numbers required, the time frame for deliveries, the environmental parameters for functioning, conditions of usage and maintenance, requirement for training, Engineering Support Package (ESP), life-cycle support, aspects related to Performance based Logistics or/and Annual Maintenance Contract (AMC), Offset obligations (if applicable) and warranty/guarantee conditions etc. It specifies the prescribed procedure and last date and time for submission of offers.

(b) **Technical Requirements.** The second part of the RFP incorporates the SQRs describing the technical parameters of the proposed equipment in clear and unambiguous terms. In case equipment is being procured for the first time and needs to be evaluated, the RFP will include the requirement of field evaluation on a ‘No
Cost No Commitment’ (NCNC) basis except in cases under Para 84 of this Chapter. Compliance of offers would be determined only based on the parameters spelt out in the RFP.

(c) **Commercial Requirements.** The third part of the RFP outlines the commercial aspects of the procurement, including clear statements on Payment Terms, Performance-cum-Warranty Guarantees, and Additional Bank Guarantee in respect of Essential Parameters-B (if applicable) and Guarantees against Warranty Services to be performed by the supplier. It also includes standard contract terms along with special contractual conditions, if any. A Price Variation Clause (PVC) may also be incorporated in the RFP for all cases more than 1000 crores and the time period of deliverables is more than 60 months, to cater for the escalation of price from the last date of submission of bids till the finalisation of the CNC. No revision of commercial offer by the vendor will be permitted in cases where PVC is applicable. In Buy (Global) cases also, PVC may be included and approval for not including the same will be obtained in the AoN.

(d) **Bid Evaluation and Acceptance Criteria.** The fourth part of the RFP defines the criteria for evaluation, trial methodology and acceptance, both in terms of technical and commercial contents. A format will be enclosed for submission along with commercial offer to facilitate preparation of Comparative Statement of Tenders (CST) duly incorporating credit score for EPP wherever applicable and identification of Lowest (L1) vendor. Submission of incomplete details in the format enclosed, along with commercial offer, will render the offer liable for rejection.

53. **Retention of Trial Equipment.** Trial equipment of Vendors shall be retained till the results of Staff Evaluation report are approved by competent authority. Once approved and commercial bids are opened, one of the NCNC equipment which is serviceable and has undergone trials will be retained for reference purpose by trial agencies till the supply order is placed and deliveries commence. The period of retention of the equipment of L1 Vendor shall be stipulated in the contract based on the total quantity ordered. The vendor will maintain the equipment during the period of retention by undertaking periodical maintenance tasks as stipulated in the technical documents and repair wherever essential. After the retention period is over, the equipment will be returned to the vendor.

54. **Trial Methodology.**

(a) The Trial Methodology will be part of the RFP and should be, to the extent feasible, comprehensive and un-ambiguous in its scope and should provide Vendor a clear and objective assessment of the extent of Trial Evaluation, including areas where certification and trials by simulation are accepted. As far as feasible, SHQs, along with trial agencies may interact with OEM(s)/vendors prior finalising trial methodology.

(b) **Trial Matrix.** Trial methodology shall inter-alia include a ‘Trial Matrix’ giving details of qualifying parameters that will be part of trial evaluation, viz.,
physical characteristics, operational and technical and environmental parameters, MET and EMI / EMC tests, as applicable.

(c) **Certificate of Conformance (CoC).** Attributes/parameters for which Certificate of Conformance (CoC) alongwith test standards and test results from NABL/ internationally accredited and government designated labs is acceptable, should be clearly mentioned, so as to enable prospective vendors to obtain necessary certifications for submission as part of RFP response or as part of FET, as applicable. In such cases, RFP shall indicate the CoC format (where applicable) which is required to be submitted along with technical bids for validating CoC.

(d) Cases where either Trial Evaluation in total, or parts thereof (such as EMI / EMC tests, etc) are not envisaged should be stated upfront in the Trial Methodology.

55. **Quality Assurance Plans (QAP).** To enable vendors build-in requisite cost, the RFP, where applicable, will inform the vendors to submit Draft ATP along with the technical bid or at least one month before commencement of FET. QA agencies shall mention the broad Quality Assurance Plan (QAP) in RFP, which will include quantity of samples for destructive tests e.g., firing of missiles, ammunition, electronic assemblies/sub-assemblies etc, to assure quality and reliability of the equipment. In case the Pre Dispatch Inspection (PDI)/Joint Receipt Inspection (JRI) are planned to be conducted by authorised Third Party Inspection (TPI) Agencies, the same will be spelt out in the QAP and the details included in the finalised ATP. Based on the draft ATP, QAP will be finalised by the QA agency with vendor during technical trials (QA & Environmental Trials). In cases where no FET are to be conducted, ATP will be finalised at the CNC stage. QAP including the ATP shall be included in the contract at the time of finalisation with successful bidder. ATP will lay down the tests to be carried out during PDI and JRI. It will be ensured that there are no repetition of QA tests in PDI and JRI. JRI should normally be restricted to quantitative checks only, except where check proof is required to be carried out. QA of equipment will be carried out as per finalised QAP in the contract. For technical trials by QA agencies, the vendor will arrange for requisite test facilities at OEM premises/accredited laboratories for establishing conformance. The successful bidder would also be required to provide those test facilities at OEM premises/accredited laboratories for quality assurance, which are not available with QA agencies. Details of the same will be intimated to the bidder during finalisation of QAP in Technical trials. In case the procurement is being done for more than one service, the QA of the lead service will be responsible for all QA aspects for the entire case, to include PDI and JRI for the entire quantities.

**Transfer of Technology (ToT)**

56. In cases where ToT is being sought, the SHQ, in consultation with the nominated Public Sector PA/DRDO in case of Private Sector PA and other stakeholders as applicable, would prepare the detailed ToT requirements for inclusion in the RFP. Reference will also be made to the ‘Legal Framework in ToT Agreements’ as promulgated by DDP vide their
MoD ID ________. Following details could be included in the RFP (choose whichever is/are applicable):

(a) Technologies to be acquired along with the range and depth of transfer of technology (ToT). These could cover technology for design/development and manufacture of systems, sub-systems, assemblies, components, materials, etc, by Indian ToT partner as well as for repair, overhaul, besides production from Completely Knocked Down (CKD)/Semi Knocked Down (SKD) kits, production from raw material and component level. Aspects to be included in the RFP, in case the production is SKD/CKD/Indigenous Manufacture (IM) Kits based, are given at Appendix G to Schedule I.

(b) Minimum threshold of Indigenous Content (IC) to be achieved in the Project. Wherever required, vendor may be asked to furnish Indigenisation Roadmap indicating proposed stage-wise IC.

(c) Feasibility of setting up indigenous eco-system for manufacturing of major equipment, systems, sub-systems, assemblies, components, spares, materials, etc.

(d) Feasibility of making Indian ToT partner as a global/regional hub for manufacturing systems, sub-systems, assemblies, components, spares, materials, etc. of the main equipment

(e) Feasibility for Tier I/II/III/IV suppliers of the OEM to either set-up indigenous manufacturing facility or enter into a joint venture with Indian companies to progressively manufacture their equipment, systems, sub-systems, assemblies, components, spares, materials, etc, in India.

Note. AoN according authority may choose to incentivise enhanced ToT or IC, on case to case basis. Details of such proposals are to be included in the SoC, at the time of seeking AoN, and the Incentivisation model is to be incorporated in the RFP.

**ToT For Maintenance Infrastructure**

57. For ‘Buy (Global)’, ‘Buy and make’ and ‘Buy & Make (Indian)’ category cases, the provision of ToT to an Indian vendor, for setting-up maintenance infrastructure would be discussed and deliberated in the relevant lower Categorisation Committee meeting on a case to case basis and approved by AoN according authority. In such cases, the RFP would spell out the specific requirements of technology transfer for Maintenance Infrastructure that could inter-alia cover the following aspects (choose whichever is /are applicable):

(a) To ensure Indian entity is self-sustainable to support operation and deployment of the platform/equipment.

(b) To ensure Indian entity is self-sustainable to provide ‘Intermediate’, ‘Depot’ and ‘Overhaul Level (2nd, 3rd and 4th level) repairs, maintenance and upgrade for the entire life cycle of the equipment.
(c) To set-up requisite test facilities/infrastructure for undertaking testing/certification for the entire life cycle of the equipment.

(d) To set-up an ecosystem for manufacture of sub-systems, assemblies, components, spares, materials, etc, in India.

(e) To make India, a regional/global hub for MRO for the Platform/equipment.

58. The spares, repairs and services support required from vendor for ToT to Indian entity would be implemented under long term contract. The proposal for Maintenance Transfer of Technology (MToT) shall also include Active Obsolescence Management through life cycle support of the equipment including upgradation of system/subsystem/components on completion of its fair service life.

59. The Indian entity could be a Government agency such as entities like OFB/ Army Base Workshops /Naval Dockyards/Naval Aircraft Yards/ Base Repair Depots of Air Force/other Govt agencies or Indian Private Vendor. In case it is a Govt agency, this entity would be identified and would be included in the SoC submitted to the AoN according authority for accord of AoN. Existing technical arrangements if any, of the foreign OEMs with Indian industry, may be taken cognisance of. In case MToT is being transferred to Indian private firms, the AoN according authority may permit foreign vendors to partner a suitable Indian industry of their choice. Wherever required, the broad eligibility criteria for selection of Indian private firms as MToT partner may also be included in the RFP. Both the vendor and the nominated Indian entity would be jointly responsible for providing the maintenance facilities and support for that equipment for the entire life cycle of the equipment.

**Product Support**

60. The Product Support is a mechanism to ensure maintainability, performance and reliability throughout the operational life of the equipment, thereby ensuring ‘Capability Sustenance’ along with ‘Capability Acquisition’. The structure of the Life Cycle Support package is to be aligned with the envisaged Repair and Maintenance Philosophy which inter-alia would include supply of spares, special tools, repairs of defective equipment / modules / LRUs, services of specialists and creation of maintenance eco-system, etc.

61. To sustain and support platform/equipment through its operational life-cycle, SHQ will ensure that Product Support requirements for atleast 3 to 5 years beyond the warranty period will be procured along with the main equipment. The RFP would therefore, besides Engineering Support Package (ESP) and aspects related to life-cycle support, would also list out maintenance philosophy, such as Performance Based Logistics, Annual Maintenance Contract (AMC), other maintenance arrangements. Whilst ESP and life-cycle support would be common for all equipment /systems, approval would be sought from the AoN according
authority for PBL, AMC and CMC at the time of seeking AoN. The equipment could be provided product support through any one or combination of the following details which are elucidated in subsequent paragraphs:

(a) **Engineering Support Package (ESP).** ESP is the basic engineering support provided by the Seller for undertaking essential repairs and maintenance for operational employment of the equipment. ESP would include Spares, SMTs/STE, technical documentation and training.

(b) **Annual Maintenance Contract (AMC).** AMCs are maintenance and repair services provided by the Seller to ensure serviceability of the equipment for a pre-determined annual period(s).

(c) **Comprehensive Maintenance Contract (CMC).** CMC is comprehensive onsite maintenance and repair services provided by the Seller and includes all spares and labour costs, and may extend for a period as agreed in the contract.

(d) **Life Cycle Support Contract (LCSC).** LCSC is the life cycle support provided by the Seller and would include supply chain to ensure platform support and availability in accordance with specifications, supply of spares, tools, repair of defective equipment / modules, services of Specialists etc.

(e) **Performance Based Logistics (PBL).** PBL is a supply chain concept based on approved performance metrics executed by the OEM/Vendor for optimising the availability of Spares & Services support, to meet a pre-determined level of equipment operational availability.

62. **Maintenance Philosophy.** Maintenance of the equipment is structured on three different levels. A level is defined by the means and resources used to carry out a specific maintenance/repair activity and by the environment in which this maintenance/repair is performed. Each level is defined by the type of maintenance actions, personnel, documentation and spares. The Repair philosophy followed by the Services can be categorised into ‘O’, ‘I’ & ‘D’ levels depending upon the technological complexity of the equipment. The levels of maintenance and repairs are as under:

(a) **‘O’ Level.** Includes Unit and Field Repairs (1st& 2nd Level).

(i) **Unit Repairs.** These are repairs carried out within the unit holding the equipment with tools generally held within the unit or supplied by the manufacturer with each equipment or as per scaling of 1:10 or any other scaling recommended by the manufacturer as per population held in the unit. These pertain to cleaning, lubrications, minor repairs and replacement of components and minor assemblies including Line Replaceable Units (LRUs) etc, that can be carried out within the unit without any sophisticated tools or
test equipment. The manufacturer is required to provide the following for carrying out such repairs :-

(aa) Table of Tools and Equipment (TOTE) with each equipment including operators manual.

(ab) Scaling of Special Maintenance Tools (SMT), Special Test Equipment (STE) and Special Equipment (SE) as required.

(ii) **Field Repairs.** These are repairs carried out at the field/flotilla/station level or equivalent service organisation by technicians specially trained for this purpose and where the required special tools and spares have to be provided additionally for the class of the equipment. These repairs comprise replacement of common Line Replaceable Units (LRUs), sub-modules, other components beyond the holding of units and repairs undertaken beyond a unit level. Normally, a field/station workshop that carries out such repairs looks after a group of units holding the said class of equipment. The manufacturer in addition to the basic unit level SMTs/STEs/SE, is required to provide the following:-

(aa) Quantity and specification of spares up to sub-Module level, other replaceable components that need to be stocked for a specified population and class of the equipment.

(ab) Additional Special Maintenance Tools and Test Equipment that needs to be provided to each such field/flotilla/station work shop. (The total number of such facilities would be stated based on equipment deployment pattern to carry out total costing).

(b) **‘I’ Level.** Includes 3rd level Intermediate Repairs by Corps Zone workshop/Dockyard/Base Repair Depot or other similar service organisation. These are extensive or special repairs carried out for equipment to reduce the down time and would include component level repairs. This level of repair envisages special diagnosis and repairs of the repairable inventory up to Printed Circuit Board (PCB) level, major assemblies, interface equipment/software and other components beyond the scope of field/flotilla/station level repairs. These repairs are carried out in the designated workshops by technicians specially trained for this purpose and where the required special tools and spares would be provided. The manufacturer is required, among others, to provide the following:-

(i) Quantity and specification of spares up to PCB level that need to be stocked for a population of the equipment.
(ii) Special Maintenance Tools and Test Equipment that has to be provided to each of these workshops. (The total number of such facilities would be stated based on equipment deployment pattern to carryout total costing).

(iii) Oils and lubricants necessary for Servicing.

(iv) All necessary technical literature.

(v) Calibration facilities for test equipment, where applicable.

(c) **‘D’ Level.** Includes 4th level extensive Base overhauls, Depot level Repairs which are either routine and planned or necessitated due to major repairs/renewal requirements. Post such repairs, detailed trials are conducted usually by the overhauling agency, prior to handing over of the equipment to the unit for operational exploitation. This level of repair defines stripping and rebuilding of equipment in a Base workshop or any other designated workshop. Extensive repairs of components / sub-assemblies and overhaul of the complete equipment is carried out by this facility and due to the complexity requires specific technical knowledge, infrastructure, related documentation, experience and proper quality control. Depending on the population of the equipment, such facilities may be established in the country. For this, the manufacturer is required to provide the following:-

(i) All Special Maintenance Tools, jigs, fixtures and test equipment for carrying out repairs up to component / PCBs/ module level.

(ii) Complete refurbishment / repair of all equipment assemblies/ sub assemblies as per the population expected to be maintained. This level of repair defines stripping and rebuilding of equipment in a Base workshop/Dockyard/Base Repair Depot.

(iii) Oils and lubricants necessary for overhaul.

(iv) All necessary technical literature.

(v) Calibration facilities for test equipment.

**Engineering Support Package (ESP)**

63. ESP is the basic engineering support the Seller needs to provide to the Buyer for undertaking essential repairs and maintenance of the equipment during its exploitation. These repairs and maintenance would be in consonance with the Repair Philosophy enunciated at Para 63 above and ESP would need to be finalised along with the acquisition of main equipment. SHQ will ensure that Product Support requirements for at least 3 to 5 years beyond the warranty period will be procured along with the main equipment. ESP would
constitute the following four major aspects with details of each being covered in succeeding paragraphs:

(a) Spares.

(b) SMTs/STEs test set-up.

(c) Technical Documentation.

(d) Training.

64. Spares.

(a) **Manufacturer’s Recommended List of Spares (MRLS).** MRLS is a list of spares required for maintaining the operational serviceability of an equipment and would be recommended by the manufacturer, based on the past equipment exploitation or OEM experience. Seller will be required to provide MRLS to sustain the equipment for period as stipulated in the RFP. Cost of the MRLS, along with the likely consumption rate of spares, based on the exploitation pattern of equipment would need to be provided with the Technical proposal. The MRLS will need to be supported by Reliability & Maintainability (R&M) report for the proposed spares along with their Mean Time Between Failure (MTBF). If the complete equipment comprises a number of different sub systems, the MRLS would need to be provided separately for each such sub system. To ensure that the Vendor does not manipulate the quantum of MRLS for becoming L1 vendor, or overload Buyer with unnecessary MRLS, ‘Adequacy’ clause and ‘Buy Back’ clause will be co-opted in the contract as under:-

(i) **‘Adequacy’ Clause.** The Seller will confirm to the Buyer the range and depth of Accompanied Accessories/ User Replaceable Parts/Expendable, Spares and SMT/STE/Test Jigs being supplied are complete and adequate for carrying out repairs on the equipment up to the specified level. The Seller will also commit that any additional items, spares, tools and equipment needed for use, maintenance and repair will be supplied by the Seller at prices and within a period as specified in the contract, on receipt of notification from the Buyer for the Life-Cycle Support period. The Seller will confirm that, if two different prices have been given for the same/similar item, then the lower price quoted will prevail. In case, the quoted accessories has several items viz, Sampling Accessory Kit and add up price of these items is higher than the quoted price of the accessory, then the price would be lowered / adjusted proportionately for the items.

(ii) **‘Buy Back’ Clause.** The Buyer would have the option to amend the Manufacturer’s Recommended List of Spares (MRLS) proposed by the Seller.
within a period specified in the contract, post expiry of the warranty period. The Seller needs to agree to either ‘Buy Back’ the spares rendered surplus or exchange them on ‘cost-to-cost’ basis with the spares, as required by the Buyer. The said spares would be purchased / replaced by the Seller, based on the prices negotiated in the contract.

Note. Vendors quoting lesser ESP / MRLS in terms of range and depth will be governed by the Adequacy Clause. The vendors quoting surplus items in ESP / MRLS would have to buy back the surplus spares as per the Buy Back Clause.

(b) **User Defined List of Spares (UDLS).** Cases where the equipment is already in use with the Service, the initial lot of spares being procured by the Buyer shall be based on User Defined List of Spares (UDLS), predicated on the exploitation of the equipment as well as on the recommended list furnished by the maintenance agency, rather than the MRLS.

65. **Special Maintenance Tools / Special Test Equipment and Test Jigs (SMTs/STEs/Test Jigs).** SMTs/STEs and Test Jigs are essential tools / fixtures that are required to undertake effective engineering support / repairs on the equipment and its systems, based on the repair philosophy as enunciated at Para 3 above. This would be formulated in a similar manner as explained for MRLS and details are to be included in both Technical and Commercial Proposals. SMTs/STEs/Test Jigs will be provided by the Seller, as per the list prepared by the Buyer on completion of MET, where applicable. The list of equipment required to be supplied will incorporate Adequacy Clause, as elaborated above.

66. **Technical Documentation.** The Bidder will be required to provide the technical literature preferably in IETM (Interactive Electronic Training Manuals) in Level 4 format or higher. An illustrated list of documents which may be submitted by the Seller is as under:-


(b) **Technical Manuals.**

(i) **Part I.** Tech description, specifications, functioning of various systems.

(ii) **Part II.** Inspection/Maintenance tasks repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STEs).

(iii) **Part III.** Procedure for assembly/disassembly, repair up to component level, safety precautions.
(iv) **Part IV.** Part list with drawing reference and List of SMTs/STEs Test Bench.

(v) Rotable list, norms of consumption, mandatory/ non-mandatory spares list for each system.

(c) Table of Tools & Equipment (TOTE) & carried spares.

(d) Complete Equipment Schedule.

(e) Repair and Servicing schedule.

(f) Design Specifications.

(g) Technical Manual on STE with drawing references.

(h) Condemnation limits.

(i) Packing specifications /instructions.

(j) Any additional information suggested by the OEM.

67. **Details of OEMs.** For major / complex equipment, a large number of other OEMs may also be involved in manufacture of various systems/sub systems / support equipment. Details of such OEMs would also have to be intimated by the Seller. The list of OEMs of corresponding equipment would be submitted as per Table 3 below:-

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Equipment</th>
<th>Part No</th>
<th>OEM</th>
<th>Contact Details (Tel/Fax/Email)</th>
<th>Details of Government License to OEMs</th>
</tr>
</thead>
</table>

68. **Training.** A training package for training of operators, operator trainers and maintenance personnel to undertake operation and maintenance of equipment, along with tools and test jigs training would be required to be carried out in English language. This training shall be designed to give the operators necessary knowledge and skills to operate & maintain equipment (level 1 to 4 or ‘O’/ ‘I’/ ‘D’) as stipulated in respective contract. The syllabus will be defined by the Seller in consultation with the Buyer at the time of MET. The maintenance training will be imparted to the satisfaction of the Buyer and Seller will ensure that the training content and period will be to impart working proficiency up to the required level. All training requirements such as training aids, projection system, complete equipment with accessories / optionals, technical literature, spares, test equipment / test set up, charts, training handouts, power point presentations, Computer Based Training (CBT), Documentation, Simulators etc will be catered by the Seller.
69. The Seller would provide the following training to the personnel of the Buyer based on agreed terms of contract:-

(a) **Operator Training.** Operator training for the duration and strength (as specified in the contract) would be provided both at OEM premises and in India.

(b) **Repair and Maintenance Course.** Maintenance training at OEM premises (as per contract terms) would be undertaken both for Field and Base level repairs.

(c) The above training would be decided (based on contact) by the Buyer and should meet the needs of repair & maintenance of the complete equipment, SMTs/STEs, test set up, assemblies/sub-assemblies as per the stipulated repair philosophy.

70. The Operator and Field Repair training should preferably be conducted before the induction of the equipment. The balance of the training would be undertaken as per the agreed terms of contract.

**Maintenance Contracts**

71. Maintenance Contracts are recommended for conclusion along with the acquisition of the equipment for providing maintenance support. These would be covered under Annual or Comprehensive Maintenance Contracts (CMCs) for a period of at least three to five years beyond the warranty period. The AMCs/CMCs would be provided by the OEM / licensed entity / OEM authorised representative and would commence on completion of warranty period.

**Annual Maintenance Contracts (AMC)**

72. The Annual Maintenance Contracts include Maintenance and Repair services by the Seller in order to ensure serviceability of the equipment covered / services desired for predetermined annual periods. The cost of material spares consumed in execution of these services is provided by the Buyer or paid to the Seller, in addition to the AMC charges. In these contracts the services of the specialist are costed based on the pre-determined Man-day rates. Therefore, the rates for Services of Specialists and hiring Special Tools comprising all-inclusive man-day rates at shore, and on operational platform viz, ship at sea, aircraft will have to be submitted. The following AMC clauses will form part of the contract: -

(a) **Period of AMC.** The Seller would provide AMC for a period as stipulated in the contract. The AMC services should cover the repair and maintenance of the specified equipment and systems purchased under the present contract. The Buyer Furnished Equipment which is not covered under the purview of the AMC should be separately listed by the Seller.
(b) **Spares for AMC.** The Spares will be provided by the Buyer and would be supplied through the Spares contracted under the Engineering Support Package mentioned above or the cost of spares paid to the Seller, in-addition to the AMC charges.

(c) **Response and Repair Time.** During the AMC period, the Seller would carry out all necessary servicing/repairs to the equipment/system under AMC at the current location of the equipment. The response time of the Seller should not exceed the time specified in the contract from the moment the breakdown intimation is provided by the Buyer. Prior permission of the Buyer would be required in case certain components/sub systems are to be shifted out of location. Maximum repair turnaround time for equipment/system would also be as specified in the contract. However, the spares for other systems should be maintained in a serviceable condition to avoid complete breakdown of the equipment/system.

(d) **Termination of Contract.** The Buyer may terminate the maintenance contract at any time without assigning any reason after giving a suitable notice as agreed to in the contract. The Seller will not be entitled to claim any compensation against such termination and, if any payment is due to the Seller for maintenance services already performed, the same would be paid as per the contract terms.

**Comprehensive Maintenance Contracts (CMC)**

73. The Comprehensive Maintenance Contracts are concluded for a pre-determined period in multiples of Annum. The scope of CMC, in addition to services of the Specialists as mentioned for AMC, include provisioning of spares, tools and equipment as required for Maintenance and Repair of the equipment. In this arrangement, the OEM will ensure that the down time of the equipment does not exceed the minimum period stipulated in the CMC. In such cases, Engineering Support Package may be reduced proportionately based on the operational requirements and functional sensitivities such as geographical spread, remote location, poor connectivity, intense threat environment precluding employment of civil support, etc.

74. CMC by means of Comprehensive Maintenance would be provided by the vendor, which will include all corrective and preventive maintenance of the systems, equipment and machinery in satisfactory working order and ‘Planned Preventive Maintenance’ (PPM), repairs, servicing, calibration, replacement of defective parts, sub-assemblies, equipment, preservation /de-preservation as applicable.

75. All equipment supplied under the proposed contract is to be maintained on site by the supplier through a CMC (inclusive of spares and labour) post warranty, for duration as specified in the contract. CMC will ensure performance of the equipment in the range and accuracies as set in equipment Technical Manual. The equipment proposed to be under CMC
would be listed along with their locations. An equipment repair Log book will be maintained to keep a record of the equipment down time during defect rectification. The scope of work would also involve the following:-

(a) **Preventive Maintenance.** The maintenance of the equipment is to be carried out by the Seller at the Buyer premises. The equipment will be maintained as per the OEM specified maintenance schedules and equipment manuals. However, the number of visits by the supplier to the customer premises should be at least once a quarter or as agreed to in the contract. The preventive maintenance team visiting the unit should be composite and possess sufficient expertise and spares to carry out preventive maintenance activities and resolve any pending unserviceability issues of the equipment.

(b) **Breakdown Maintenance.** In addition to preventive maintenance, the supplier will also be responsible to undertake breakdown maintenance of the equipment. Defects on the equipment as and when observed, will be intimated to the Seller by telephone/ fax. The Seller will depute a team for undertaking repairs of the equipment within two working days from the reporting of the defect, in order to make the equipment operational. The supplier will need to diagnose, test, adjust, calibrate and repair / replace the goods/equipment during the CMC period. However, defective hard disks, strong devices, if any, of the equipment, will not be returned to the supplier and would be retained for destruction / safe custody. The downtime of the equipment will commence from the time a defect is reported by the user and the log of the same would be maintained.

(c) **Calibration.** Periodic inspection and calibration services as set forth in the equipment manual shall be provided by the supplier, to ensure operational availability of the equipment. Requisite certificates may be rendered whenever major repairs/maintenance on equipment is undertaken.

(d) **Spares.** Supply of all parts (spares sourced from the OEM/OEM authorised vendor), including consumables, if any and material required for the optimal performance of the equipment as per the designed specifications mentioned in the equipment manual would be the responsibility of the Seller.

(e) **Software.** The supplier will provide support for maintenance of the software(s) during the period of CMC and would include the following:-

   (iii) Upgrades, patches, fixes to the OS and the Application software.

   (iv) Back-up and restoration of software, as and when required.

(f) **Obsolescence Management.** The obsolescence management for the equipment delivered under the scope of contract would from part of CMC Services.
The obsolescence management will include providing “Form, Fit and Function” replacement of any system/sub system rendered obsolete during the period of CMC.

**Life Cycle Support Contract (LCSC)**

76. A life cycle support contract (LCSC) would be signed along with the main acquisition contract for all equipment. Life-cycle support for all types of equipment through its service life would be provided by the Seller through a LCSC, which inter-alia would include supply chain to ensure platform supportability and availability in accordance with specifications, supply of spares, special tools, repair of defective equipment / modules / LRUs, services of specialists, creation of maintenance eco-system, obsolescence management, etc.

77. The Seller will provide life-cycle support through a Life Cycle Support Contract (LCSC) as per the agreed terms. LCSC would bound the Seller to provide product support through Long Term contract (for 5 to 8 years) for supply of spares, repairs and Man-day rates of Specialists. The RFP shall clearly mention that the vendor would have to finalise the terms for the life time product support and the LCSC along with the current contract only. LCSC, will also include active obsolescence management, wherein even after the mandatory period, the Seller would be bound to give at least two years notice to the Government of India prior to closing the production line to enable a Life Time Buy of all spares. Under the LCSC, Spares and Repair support would be provided by the Seller through the following Rate contracts which would be signed with the main contract:-

(a) **Itemised Spare Parts Price Lists (ISPPL).** ISPPL for all Spares or Line Replaceable Units (LRUs) of the equipment along with their Base price, annual escalation, delivery period and the MTBF (where applicable) be provided, at the time of submission of offer. The ISPPL shall also include details of the source, especially for items which are COTS, bought-out, proprietary, etc. ISPPL shall also indicate interoperability of spares across projects, in case spares/equipment is already inducted in the Indian Armed Forces. The Seller would submit a comprehensive Itemised Spare Parts Price Lists (ISPPL) comprising the following: -

(i) Complete Part Identification List (PIL) for all Spares or Line Replaceable Units (LRUs), along with corresponding unique part numbers. The list is not to be limited to MRLS (Depot spares) or On-board Spares (spares along with the system) and should comprise entire list of spares of the equipment.

(ii) Base Price list of each of the spares along with annual escalation at time of submission of the offer.

(iii) Delivery Period of each spare after receipt of Order.

(iv) Mean Time Between Failure (MTBF), where applicable.
(v) Terms and conditions for supply of spares.

Table 2 - Illustrative Format for Submitting Details of Spares

<table>
<thead>
<tr>
<th>Ser No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Qty/MoQ (where applicable)</th>
<th>Unit Price List (along with annual escalation)</th>
<th>Delivery Period</th>
<th>If Recommended, as MRLS</th>
</tr>
</thead>
</table>

Note:- The following details be included in the spare parts submission offer:-

(i) Sourcing of spares wrt COTS and Proprietary.

(ii) Interoperability of spares across projects, in case the part/system/sub-system, etc. is already inducted in some other equipment currently in service with the Indian Armed Forces, or has been contracted for supply to the Indian Armed Forces.

(b) **Repairable Items Price Lists (RIPL).** RIPL would comprise of all repairable sub systems/ blocks and units. Wherever applicable, source of components required for repairs of units should also be specified. RIPL will also indicate reparability of these in India. The Seller should submit the RIPL comprising the following:-

(i) Complete catalogue of repairable spares (at LRU level), along with their Part numbers. Source of components required for repairs of units should also be specified, wherever applicable.

(ii) Base Price list for repairs clearly indicating repairs that can be undertaken in India and at OEM premises. RIPL will comprise of all repairable sub systems/ blocks and units.

(iii) Terms and conditions for undertaking repairs be specified.

(vi) Delivery Period after receipt of order must be mentioned.

(vii) For imported equipment, the impetus is to undertake repairs in India. Repair list in such cases should clearly segregate the list of items that can be repaired in India and those that have to be undertaken to the OEM premises.

Table 3 - Illustrative Format for Submitting Details of Repairable Spares

<table>
<thead>
<tr>
<th>Ser No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Repairs to be Undertaken</th>
<th>Unit Qty</th>
<th>Price Lists (along with annual escalation)</th>
<th>Delivery period</th>
</tr>
</thead>
</table>
Note: - The following aspects to be ensured:-

(i) Repair costs to be all-inclusive (collection/delivery ex-Depot).
(ii) Warranty post repairs will be as specified in the contract document.

(c) **Man-Day Rates for Services/Special Tools.** Man-day Rates for Services/Special Tools of Specialists (where applicable) should be specified corresponding to the categorisation of specialists, e.g. Designers, Engineers and Technicians, as applicable. Man-day Rates for hiring Special Tools, where applicable will also be provided.

78. **Online Inventory Management System (OIMS) (Optional for Services to Exercise).** To leverage information technology and ensure expeditious order placement as well as timely product support, the Seller, for all Contracts above ₹ 300 Crores, may be asked by the SHQ, if desired, to provide an Online Inventory Management System (OIMS), as per mutually agreed format, to place Purchase/Repair Orders (as applicable) online. OIMS for delegated powers projects will be optional. The OIMS shall also provide feature to track the delivery status of the items. Further the OIMS should provide dashboard for intimation on obsolescence and offer of lifetime buy alongwith provision for user to interact with the OEM for technical assistance etc. The detailed scope and features of OIMS shall be finalised during the negotiations on LCSC. The OIMS may be decided on case to case basis.

79. **Active Technology Obsolescence Management.** OEM will indicate the methodology on how the OEM intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/subsystem/units on completion of its fair service life. The Seller/OEM (as applicable) shall also intimate Buyer on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin should specify either alternate item or option for life-time buy as under:-

(a) The Seller/OEM (as applicable) will notify the Buyer not less than three years before the closure of its production line about the intention to close production of equipment for provision of purchasing spare parts, before closure of the said production line.

(b) Three years prior to completion of design/service life of equipment, the Seller/OEM (as applicable) will submit techno-commercial proposal for upgradation
of equipment, wherever applicable, to mitigate technology obsolescence and for ensuring product support for next 15 years.

**Performance Based Logistics (PBL)**

80. For certain equipment /platforms, the life cycle support could also be provided through implementation of the Performance Based Logistics (PBL). The requirement of PBL would be specified in the RFP. The PBL is a Supply Chain concept for optimising the availability of spares and services support to meet the pre-determined level of operational availability. The criteria for the PBL supply chain is based on approved Performance Metrics. The OEM or the contracted Vendor would implement the desired Supply Chain Management system for meeting the operational performance level. The vendor shall provide overall logistics support and perform tasks, functions and responsibilities to support the equipment as a PBL package.

81. The PBL package is inter-alia based upon the following aspects :-

(a) Type and number of Equipment.

(b) PBL Duration

(c) Desired Exploitation Rate per equipment per year.

(d) Desired average and overall equipment availability.

(e) Maximum acceptable downtime.

(f) Acceptable MTBF and time for repairs.

(g) Mode and timelines for replenishment of Spares

82. **Equipment Delivery & Base Opening Plan.** The PBL package would be designed based on the equipment deliveries and the number of bases where equipment will be deployed.

83. **Performance Metrics.** The performance metrics are measurable performance indicators. Seller/buyer agree on, what is a successful outcome of the metric and mutually agree on performance of each metric. Both, the level of required outcome and, the related key metric need to be spelt clearly. This is necessary to manage performance and consequent remuneration, which can be an incentive in case of exceedance in performance, and penalty, in case there is short fall in desired outcome. An indicative list of performance metrics is attached as Annexure – 1.
84. **Vendor Responsibilities.** Division of responsibilities between the vendor and buyer, for various activities under PBL would be clearly defined as per a Vendor Responsibility Matrix. An indicative format of responsibility matrix is attached as Annexure-2. The nature of such responsibilities would differ on case to case basis, but an indicative list of vendor responsibilities is as follows:-

(a) Supply Chain Management up to the Buyer’s central Warehouse.

(b) Repair and Overhaul of all components/LRUs of the equipment delivered during the PBL period.

(c) Repair/replacement of spare parts.

(d) Replenishment of all expendables to support the periodic maintenance activities of equipment.

(e) Compliance of modifications, Airworthiness Directives & Mandatory Service Bulletins (MSBs) etc.

(f) Calibration and maintenance of the GSE, GHE, STE and role equipment.

(g) Provide an Information Technology (IT) tool for managing information with the Buyer.

85. **Sample PBL Contract.** An indicative and sample Scope of Work for a PBL contract is attached as Annexure-3.

**RFP: Vetting And Issue**

86. The procedure for RFP vetting and issue will be as follows:-

(a) All activities internal to SHQ for preparation of RFP, which includes consultation with all agencies concerned such as procurement and maintenance directorates at SHQ, Quality Assurance agencies, DRDO etc. would be completed prior to consideration of the case by AoN according authority. Broad Quality Assurance Plan (QAP) and essential details to be included in the draft ATP by the vendor in technical bid or to be submitted by the vendor one month before commencement of FET, will be clearly spelt out by the QA agencies and the same will be included in the RFP. All issues identified after internal vetting of draft RFP at SHQ, which merit incorporation in the SoC for AoN, be included in the SoC for consideration by AoN according authority.

(b) Concurrent to the circulation of the SoC being fielded in the first SCAP committee, a draft RFP will be circulated by the SHQ to dealing AM, TM and FM for
the non-delegated power cases, and TMs and IFA (Capital)/PIFA for delegated power cases along with other stakeholders. Observations, if any, will be intimated to the SHQ within four weeks, based on which the the draft RFP will be amended accordingly. SHQ may also interact with vendors/industry at the draft RFP stage, so that in case any changes are felt necessary, these are incorporated prior issuance of RFP.

(c) Single stage Collegiate vetting of RFP and the finalisation of Vendor List will be done after the accord of AoN in a collegiate comprising of AMs, TMs, FMs and SHQ representatives in non-delegated power cases, and collegiate comprising of representatives of SHQs, TMs and IFAs (Capital) in all delegated power cases.

(d) Approval of DG (Acq)/VCDS/VCOAS/VCNS/DCAS/DG ICG (as applicable) for issue of RFP would be obtained after accord of AoN.

(e) The RFP in all non-delegated and delegated cases will be issued by the respective TMs.

(f) No addition to the vendors would be allowed after issue of the RFP.

87. Consequent to the issue of RFP, a number of queries relating to the RFP may be raised by the vendors. It should be ensured that all the queries are answered in an acceptable time frame so that the vendors are able to submit their techno-commercial offers by the due date. Pre-bid meeting(s) of all the vendors would be conducted by the User Directorate along with representatives from Weapons Equipment Directorate/ACNS (P&P)/ACAS (Plans), representatives of Defence Offset Management Wing (DOMW) for Offset matters, representatives of PA for ToT/MToT matters, representatives of trial agencies for trial methodology related issues, AMs, TMs and FMs (for non-delegated cases)/IFA(Capital) (for delegated power cases). The clarifications should be processed by the SHQ and be given in writing to all the vendors by the TMs preferably within three weeks of the pre-bid meeting. In case a need arises to modify the RFP owing to typographical errors, the amendment will be issued after due approval of the DG(Acq) for non-delegated cases and VCDS/Vice Chiefs in delegated power cases. In all other cases, amendments to the RFP may be issued after approval of AoN approving authority, provided that the change does not put any vendor at a disadvantage. Copies of such amendment/modification would be simultaneously sent to all vendors to whom RFP has been issued. After such amendments, the time and date of submission bids may also be extended suitably, with the approval of the AoN according authority/DG(Acq)/VCDS/Vice Chiefs, as the case may be.

**Offer Opening**

88. In case of a Techno Commercial RFP, the bids received should be opened on the notified date & time, by the members of an Offer Opening committee chaired by the TMs/SHQs, in the presence of the bidders or their authorised representatives, as may choose to be present. The committee will open the envelope containing the sealed technical and commercial offers. The technical offer will be opened by the committee and sent to SHQ for
evaluation by a Technical Evaluation Committee (TEC) and the sealed envelope containing the commercial bid will be sent to the AMs/SHQs, unopened. In case where only a Commercial RFP has been issued, the CNC will also check the bid for technical compliance. Offers which do not conform to the prescribed procedure for submission of offers, as laid down in Para 27 of the Standardised RFP (Schedule I) or which are received after the scheduled time for submission of offers and unsolicited offers, will not be accepted.

89. In multiple vendor cases, if a single bid is received at the bid submission stage, SHQ may proceed with the process and complete the Technical Evaluation without retracting the RFP. Within 4 weeks from the acceptance of the Technical Evaluation Committee (TEC) report, the case must be referred directly to the AoN according authority. In case it is concluded that any change in SQRs would not meet the operational requirements of the Service; or any change in other conditions of the RFP is unlikely to increase the vendor base; or it may inordinately delay the procurement, then the case may be progressed with the approval of AoN according authority, provided the vendor agrees to hold the original commercial bid till completion of the procurement process. In such single vendor situation, efforts should be made to complete the acquisition process before expiry of original validity of commercial bid.

90. In case of ‘Buy and Make (Indian)’ category, situations may arise in which all bids submitted by Indian vendors, indicate a collaboration with a single foreign vendor. Such cases have to be discussed and deliberated by the AoN according authority and if it is concluded that there is no scope for change in SQRs and other conditions of the RFP; and that retraction and reissue of RFP is not likely to increase the vendor base, then the case may be progressed with the approval of the DAC.

91. In case of ‘Buy and Make’ category, situations may arise in which all bids submitted by foreign vendors, indicate collaboration with a single Indian vendor, where foreign vendors were permitted to select an Indian PA. This may also not be treated as a single vendor situation, as techno commercial arrangement of collaboration for each foreign vendor may be different from those of other vendors.

92. **Extension of Time.** No extension of time will be provided under normal circumstances. However, situations may arise in which it may be appropriate to extend the time allowed for submission of offers. If an extension is being sought by the vendor, the request with justification must be received by the TM concerned from the vendor at least two weeks prior to bid submission date, failing which such requests may not be entertained. Extension of upto four weeks could be given by SHQ and the approval for further extension has to be sought from the DG(Acq)/Vice Chiefs/VCDS as per applicability of Non Delegated/Delegated Power Cases.

93. **Unsolicited Bids.** Bids/response to RFPs shall not be accepted from any vendor, other than those vendors to whom a RFP has been issued.

**Technical Evaluation Committee (TEC)**
94. A TEC will be constituted by the SHQ for evaluation of the technical bids received in response to RFPs, with reference to the QRs, under an officer from the SHQ. It will include representatives of the user service, maintenance agency and representatives of QA. Representative of FM (in non delegated cases) and PIFA/IFA (Capital) (in delegated power cases) will also be part of the TEC to verify financial criteria as laid down for Vendor Selection, if applicable. In addition, in cases where ToT is involved, TEC may also include representatives of PA, in case where PA is nominated by AoN according authority. The TEC will examine the extent of variations/differences, if any, in the characteristics of the equipment offered by various vendors with reference to the QRs as given at Appendix A to Schedule I (RFP) and prepare a ‘Compliance Statement’ short listing the equipment for trials/induction into service, as applicable. TEC will also examine compliance of vendors to provisions of RFP as listed at Appendix B to Schedule I (RFP). Non-compliance of vendors to any of the required provisions would lead to rejection of the bid at this stage. Cases where ToT for maintenance infrastructure to an Indian entity is sought, the TEC will examine the joint compliance of the OEM and the Indian entity for establishing the required maintenance infrastructure as laid down in the RFP. In cases other than Buy (Global), where an OEM bids, along with other vendors supplying the same product of the OEM, only the bid of the OEM will be accepted.

95. To ensure timely completion of the trial evaluation process, Certification of Conformance (CoC) alongwith test standards and test results, graphs and accredited lab certifications and draft ATP submitted by vendor as part of the Technical bid, where applicable, would be shared with representative(s) of QA and EMI/EMC Evaluation agency. The user would reserve the right to undertake random/sample test to validate the CoC submitted by the vendor/ OEM during FET.

96. The TEC may invite the vendors for technical presentations/clarifications on technical issues. A technical offer, once submitted, should not undergo subsequent material changes. However, minor variations which do not affect the basic character/profile of the offer may be acceptable, under the following conditions:-

(a) To ensure fair play, an opportunity to revise minor technical details should be accorded to all vendors in equal measure.

(b) No extra time to be given to any vendor to upgrade their product; except in case of Essential Parameters-B, as detailed in Para 15.2 (Chapter II).

(c) No dilution of SQR is carried out.

(d) The original commercial quote submitted earlier cannot be revised by the Vendor.

97. For non-delegated and delegated cases, approval of the TEC shall be done by the SHQ. However, in non-delegated/delegated cases where any vendor(s) is found non-compliant at the TEC stage, approval of DG (Acquisition)/Vice Chiefs respectively will be obtained, through respective TMs, prior to progress the case further. In a multi-vendor case, if
a single vendor situation emerges post technical evaluation by TEC, procurement process will continue as planned without retracting the RFP for this reason, provided the vendor agrees not to revise the commercial bid, during the remaining part of the acquisition process. SHQ will however examine reasons for single vendor situation, record the same in their report and submit the report to the AoN according authority. In case it is concluded that any change in SQRs would not meet the operational requirements of the Services; or any change in other conditions of the RFP is unlikely to increase the vendor base, or it may inordinately delay the procurement, then the case may be progressed with the approval of the AoN according authority, provided the vendor agrees to hold the original commercial bid till completion of the procurement process. In such situation, efforts should be made to complete the acquisition process before expiry of original validity of commercial bid.

**Technical Offset Evaluation Committee (TOEC)**

98. The Technical Offset Evaluation Committee (TOEC) will be constituted by the TMs with approval of the DG (Acquisition), wherever applicable. The TOEC will include representatives of the SHQ, FM, DRDO and DOMW. The Committee may also include experts, as may be deemed necessary, with approval of the DG (Acquisition). The TOEC will be chaired by a representative of the SHQ. The Member Secretary shall be nominated by SHQ. The TOEC Report will be forwarded to the TM with approval of the concerned PSO of SHQ. The TMs will process the TOEC report for acceptance by DG (Acquisition).

**Field Evaluation Trials (FET)**

99. **Trial Directive.** SHQs in consultation with shortlisted Vendors, will formulate a detailed Trial Directive in conformity with the trial methodology given in the RFP. The Trial Directive must specify the fundamental points/ parameters that need to be addressed for validation, along with methodology. Trial Directive, would also list out exact location and detailed trial schedule keeping in mind availability of the requisite infrastructure (ranges/labs), as also readiness of Vendors. Once the Trial Directive promulgates firm timelines for trial evaluation, the Vendor should ensure availability of their technical experts and maintenance teams, to ensure uninterrupted conduct of trial. Trial Directive would also include parameters/tests that would be acceptable by certification through accredited labs. The User would however reserve the right to undertake random / sample test to confirm the certified parameters.

100. **Trial Teams.** After the acceptance of TEC Report, SHQs will constitute the Trial Team. Representatives of QA agencies, EMI-EMC Cell and Maintainability trials (where applicable) may also be co-opted, based on requirement. Representative of the respective TMs may also participate in the FET as an observer for non-delegated cases. Wherever feasible, the entire trials viz. user, technical, Maintainability Evaluation Trials (MET) and EMI/EMC trials would be conducted simultaneously in order to save time. The trial team, for equipment being procured for more than one Service, will have representatives of each Service for whom equipment is being procured. Such trial team will be headed by
representative from the Service nominated as the lead Service. For trials of equipment involving ToT, representative of PA/DcPP, may be included as an associate member.

101. **Trial Overseeing Members from Service Headquarters.** To oversee conduct of FET in a correct and timely manner as also to provide timely guidance to trial teams in overcoming impediments encountered, if any, SHQs will depute a suitable representative, who has been associated with preparation of trial methodology, as also trial directives to oversee the trials. In addition, the Oi/e or a senior member of the Trial Team may also be called to SHQ for central briefing, to better understand the scope and extent of the trials.

102. **Setting-up FET Nodes in Training Establishments.** The Services have well established training establishments with the necessary infrastructure and facilities for conducting trials. SHQs will setup Trial Wings in these institutions/establishments for their respective arms/services and all trials will be conducted under the aegis of these wings. In cases where trials are not planned to be processed in the FET nodes, SHQs are to obtain prior approval of DG (Acquisition). Presence of large number of Subject Matter Experts as well as requisite trial infrastructure (ranges/labs) in these institutions will help in expediting trials, as also building institutional experience at the field level.

103. FET will be conducted by the user / lead Service, only pertaining to conditions where the equipment is most likely to be deployed. In other conditions where the probability of deployment is not high, appropriate certifications confirming the functional effectiveness under such conditions may be obtained; in cases where applicable, simulations based testing may be resorted to. All weather testing should be carried out only in cases in which testing is absolutely essential. If required, necessary certification may be taken to confirm the functional efficiency of the equipment in different weather conditions.

104. Cases involving Essential Parameters ‘B’ would be trial evaluated after the signing of the contract as provided in Para 20.2 of Chapter II of DPP 2020. However, Trials for Essential Parameters ‘B’, (if specified at Appendix A) may be conducted at the FET stage, if any vendor(s) claims that the equipment fielded by them for FET can meet Essential Parameters ‘B’ and such vendors are willing to get their equipment trial evaluated for Essential Parameters ‘B’ at FET stage (a written undertaking in this regard will be given by such vendor(s) to SHQ prior to date of commencement of FET).

105. Field Evaluation Trials will not be conducted as a process of elimination but with an objective to nurture competition. Vendors would, therefore, be allowed to undertake in-situ repairs during trials. Towards this, Vendors shall be adequately informed and advised at the pre trial stage itself so that they can ensure availability of requisite maintenance teams/experts onsite during the conduct of trials. Equipment fielded for trials may fail to meet one or more RFP parameters due to faults occurring during the course of trials, which can be overcome by servicing, repair or maintenance actions or a vendor may request for modifications to the equipment. The vendor may be permitted by the concerned SHQ to carry out in-situ servicing / repairs / maintenance/ modification and establish compliance provided that the equipment is not taken away by the vendor. In single vendor cases permission for
carrying out such in-situ servicing / repairs / maintenance/ modification may be permitted by the OIC Trials itself. In multi vendor cases, in case one or more Vendors fail in the trial, permission to participate in the Confirmatory Trials may be granted by the SHQ, on a case to case basis, in case the Vendor can submit the Equipment Under Trial (EUT) in a reasonable period of time, on payment of a specified penalty payment, which will cover the expenses of holding these retrials, by the Vendor.

106. **Technical Trials.** Technical trials will be conducted by QA agency to assess conformance to the quality requirements/standards/specifications. Equipment/assemblies/sub-assemblies will be subjected to environmental tests wherever applicable. Towards this, vendor will submit the technical documentation and draft ATP as part of technical bid or one month before commencement of FET. As far as possible, physical evaluation will only be carried out of critical parameters and other parameters will be evaluated based on vendor certification duly supported by certification by NABL accredited laboratories/internationally recognised laboratories.

107. **Maintenance Evaluation Trials (MET).** MET to address maintenance, repair and spares support aspects of acquisition, wherever feasible, will be undertaken through the OEM documentation. Actual stripping of the equipment to establish adequacy of maintenance tools, test equipment and spares utilisation will ideally be undertaken, where considered necessary by the User.

108. Confirmatory trials may also be held when, on completion of all trials, it is found that no equipment has fully met all the RFP parameters, but there is reason to believe, that vendors would be able to quickly overcome the drawbacks noticed. In multi vendor cases, confirmatory trials will be conducted with the approval of SHQ. However, in case of Single Vendor cases, if the equipment has failed the trials and processing a fresh procurement case is likely to cause substantial delay, the OIC Trials will be authorized to order confirmatory trials. Confirmatory trials should not be repetitive and should not be allowed to carry on indefinitely.

109. **Timelines.** Whilst DPP lays out a standard time period of 16 to 24 weeks (additional 12 weeks for winter trials) for completion of FET, in cases where it is anticipated that FET cannot be completed within the stipulated period due to nature, scope or any other factor, SHQ is to seek additional time while seeking accord of AoN along with proposed timeline.

110. In case the FET is not completed post commencement within the stipulated period as approved in the AoN, SHQ are to render an update to the under mentioned authorities, as follows:

   (a) DG (Acqn) (for non-delegated cases) - for slippage beyond six months
   (b) VCDS/Vice Chiefs (for delegated cases) - for slippage beyond six months
111. The requirement of FET/NCNC Trials will not be applicable for procurement cases in respect of acquisition/construction of Ships, Submarines, Yard Craft, Tugs, Ferry Craft and Barges (only for capacity cleared yards), where there is no prototype available for conduct of NCNC Trials. The FET/NCNC Trials will also not be applicable for aircraft simulators being built for the first time where there is no possibility of testing on a similar existing simulator (AF). However, Technical Evaluation and Delivery Acceptance Trials for these will be carried out.

112. For equipment available Commercially Off-The-Shelf (COTS), which have requisite IS/BIS or equivalent certifications, and meets the user requirements, the Service Headquarters may accept the equipment on the basis of self-certification by the vendor without going through the QA, EMI-EMC and maintainability trials. FET, where envisaged, may also be limited in its scope. Approval for such cases is to be sought at the time of seeking AoN.

113. All shortlisted vendors would be asked to provide their equipment for trials in India, except when trials are to be conducted at vendor premises abroad. In cases where the trials are planned abroad, approval of AoN according authority is to be sought at the time of seeking AoN.

114. Vendors will be asked to field the desired number of units of the equipment/weapon system for FET as per dates promulgated in the trial directive. Any vendor failing to produce equipment for trials by date decided in the trial directive would normally be given a grace period of 30 days to produce the equipment for trials. An additional grace period of up to 30 days may be approved within SHQs keeping in view the practical time period necessary for trials. Equal opportunity would be provided to all vendors while granting such grace period. Vendors, who fail to provide their equipment even after providing 60 days grace period, would be asked to explain the reasons for the delay in producing equipment for trials. If the reasons for delay furnished by the vendor(s) are found satisfactory by SHQ, case for granting grace period beyond 60 days would be processed by SHQ for approval of DG (Acquisition).

115. To prevent deliberate delays in fielding the equipment by the vendor(s), the Trial Directive may include a provision of disqualifying the vendors who fail to position the equipment beyond a pre-determined time period arrived in consultation with vendors and trial agencies. In such eventuality even if only one vendor has submitted the equipment and clears the trials, the case would be progressed as Resultant Single Vendor.

116. If the equipment is not fielded at the start of trials, then the vendor/equipment would not be considered at a later point of time. Such vendors including those whose reasons for delay as sought above are not satisfactory, may not be considered for subsequent procurement cases.
117. Single OEM equipment being fielded by multiple Indian vendors may have joint trials if two or more Indian vendors so desire. The Indian vendors who jointly field the equipment, may place a request and provide an undertaking that they will accept the trial results jointly and severally.

118. In cases where trials are not visualised or where field evaluation is not feasible, there may be possibility of conducting evaluation through computer simulations. In such cases, the exact scope of the trials shall be included in the SoC while seeking the AoN. The AoN according authority shall debate the scope of trials and approve suitable options, as applicable.

119. In certain cases, particularly in those involving integration of systems or sensitive equipment, the Acquisition Wing (for non-delegated cases)/ SHQs (for delegated cases) can depute a Multi-Disciplinary Technical Delegation (MDTD) abroad for evaluation. Where required an Empowered committee could also be deputed along with MDTD for negotiation purposes. The Technical delegation should have representatives, on need basis, from the user service, Maintenance agency, QA agency and the TMIs. In addition, AMs and FMs or their representatives for non-delegated cases and IFA (Capital) / PIFA for delegated power cases may be included in the Empowered Committee. Such committee would be constituted after due approval of the AoN according authority.

120. There may be cases when, during the process of trials in India, it emerges that certain validations need to be carried out abroad in the vendor premises. This may be necessitated due to export restrictions, security related issues, availability of testing infrastructure/platforms or such like reasons. Permission for such validations to be carried out abroad would have to be sought from the DG (Acq) (for non-delegated cases) and VCDS/ Vice Chiefs/ DG ICG (for delegated cases). SHQ would thereafter take AIP of the RM on file and depute a technical delegation abroad for evaluation purposes.

121. After each stage of the trials, a debriefing of all the vendors would be carried in a common meeting (wherever feasible) as regards the performance of their equipment. Compliance or otherwise, vis-à-vis the parameters listed in the trial directive, would be specifically communicated to all the vendors at the trial location itself. It would also be ensured that all verbal communication with the vendors is confirmed in writing within a week and all such correspondences are recorded and documented.

122. On completion of FET, a detailed Field Evaluation Report shall be drawn up and sent to SHQ for Staff Evaluation.

123. A brief on types of trials along with an indicative check-off-list for trial evaluation issues, as well as aspects relevant to QAP and ATP is placed at Annexure ____.

124. **Benchmarking Committee** On receipt of Trial Report by SHQ, concurrent benchmarking will be carried out by a Benchmarking Committee headed by the Advisor (Cost), reps of FM/PIFA/IFA and reps of concerned SHQ Directorates, as per guidelines issued by Principal Advisor (Cost) and as amended from time to time. This process will be
automatically undertaken once SHQ informs Advisor (Cost) about receipt of Trial 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 post approval of GS Evaluation and promulgation of CNC. Till then, the Benchmarking Committee benchmark models and costing data will be kept in a sealed cover with the Chairman, CNC.

125. **Costing Committee.** In cases where DPSU equipment is being procured in a Single Vendor Case or as BNE, a Costing Committee constituted under Secretary (DP) for Pricing of DPSU equipment on orders of RM, will price the equipment post successful completion of trials and forward the same to the concerned AM/SHQ chairing the CNC. Such pricing by the Costing Committee shall take into account economies of scales and shall have validity of three years from its date of promulgation.

**Staff Evaluation**

126. The Staff Evaluation will analyse the Field Evaluation results and shortlist the equipment recommended for introduction into the services. For non-delegated and delegated cases, where all vendors are compliant and there are no complaints related to the case, approval of the GS Evaluation will be done by the respective Vice Chiefs. However, in non-delegated/delegated cases where any vendor(s) is found non-compliant at the GS Evaluation or there are any complaints related to the case, approval of DG (Acquisition)/Vice Chiefs respectively will be obtained, through respective TMs, prior to progress the case further. Issues, if any, raised by the TMs on the Staff Evaluation Report, should be addressed in a collegiate manner with the SHQ. After due examination, the TMs will submit the report to the DG (Acquisition)/Vice Chiefs for non-delegated and delegated cases respectively, with recommendations for acceptance or otherwise. In case no vendor meets the SQRs in the field evaluations, then the case would be foreclosed and RFP retracted on approval of DG (Acquisition), for non-delegated cases and the respective SHQ authorities for cases under delegated powers.

127. Cases, in which bids have been submitted by more than one bidder in a competitive manner and the Staff Evaluation, after trials shortlists only one equipment for introduction into service, would not be considered as a single vendor situation, as the techno-commercial offers would have been received before trials and the commercial bids were competitive in nature. Bidders had submitted their offers in an open competition and were not aware of any single bidder getting approved after the trials.

**Intimation to Vendors**

128. The TMs would provide intimation to all participating vendors about their respective status post acceptance of TEC/Staff Evaluation/Technical Oversight Committee Report (if TOC is held). Intimation with regards to Trials will be done by the conducting SHQ as per SOP promulgated on the subject.
129. **Turnkey Projects.** These are cases where the project involves supply, installation and commissioning of varied machines/equipment for establishing specialised maintenance/information technology/communication/storage/overhauling facilities (with or without infrastructure) at one or more locations in country. Such products including up-gradation/modernisation of existing assets may be carried out on Turnkey Basis and may also include setting up of requisite specialised technical infrastructure. The scope of such projects is large and varied involving number of activities; hence there is a requirement of identifying a single agency capable of completing the project on a Turnkey basis. In this context apart from the vendors listed as per Para 15 (Chapter II), reputed integrators would also be considered. Being a Turnkey Project, the trials are not initially envisaged and hence it is essential to select the vendors with requisite capabilities prior to issuing RFP, as per the SOP issued by Acquisition Wing and amended from time to time. For such cases, a Detailed Project Report (DPR) would be worked out by the SHQ concerned. In certain complex cases, the DPR may be outsourced by SHQ, duly justified in the SoC while seeking AoN. DPR should lay down the detailed scope of work involved, bill of material, approximate cost estimates and the time frame for project completion. The DPR would be placed before the SEPC for ratification. The DPR, once approved, would be forwarded to the AoN according authority along with the SoC while seeking the AoN and categorisation. Consequent to the AoN, a committee would be formed comprising representatives of user directorate, maintenance directorate, TM and FM (for non-delegated cases)/IFA Capital (for delegated cases) and any other agency as deemed necessary, for carrying out the selection of the prospective vendors who would be issued the RFP. The sequence of procurement procedure in such cases would be:-

(a) Making of a Detailed Project Report (DPR).

(b) Acceptance of Necessity (AoN).

(c) Selection of Vendors.

(d) Issue of RFP.

(e) Technical Evaluations to shortlist the prospective vendors.

(f) Price Negotiations.

(g) CFA Approval and Contract conclusion.

(h) Establishment of Test Bed.

(i) Project Implementation.

**Leasing**
130. Leasing will be another category for acquisition in addition to the existing ‘Buy’ and ‘Make’ acquisition categories and would be permitted in two sub categories i.e. Lease (Indian) and Lease (Global). The lease process will have the following stages:-

(a) Request for Information (RFI)
(b) Identification of Equipment and Operational Demonstration to identify the equipment that best meets the capability sought
(c) Preparation of Leasing Operational Requirements (LOR)
(d) **Obtaining of AoN.** AoN for lease cases will be accorded by the DAC. Such cases will be fielded directly in the DAC without first being examined by categorisation committee. After accord of AoN, the lease cases will be processed as per delegation of powers.
(e) Solicitation of offers
(f) TEC
(g) CNC
(h) Approval by CFA
(i) Signing of Lease agreement
(j) Post lease management

131. **Leasing Operational Requirements (LOR).** The LOR defines the operational capability sought and any special conditions of lease. The LOR will lay down fundamental user requirements in a comprehensive manner and must avoid ambiguity of any type. The LOR will be approved by the competent authority at SHQ. LOR of classified nature will be shared after a Non-Disclosure Agreement (NDA).

132. For proper performance of the lease, the lease agreement may have graded penalties linked to performance metrics for partial/full default on lease agreement. Various payment options could be used, such as advance percentage, stage payment, payments at the end of agreed periodicity, after the asset has been utilised as per agreed performance metrics. Same need to be defined in the SoC for seeking AoN.

133. Guidelines for various aspects of a lease case, including types of lease, details to be included in the abridged SoC, sample ease agreements, etc, will be issued separately by the Acquisition Wing.

**Technical Oversight Committee**

134. It is expected that oversight should be part of the normal process of higher level approvals within SHQ/ Acquisition Wing. TOC, when constituted, must provide expert oversight over the technical evaluation process. The DG (Acquisition) may constitute a TOC
for acquisition cases in excess of ₹ 300 Crores and for any other case recommended by the Defence Secretary/DPB/DAC. Technical Oversight through a special committee would be resorted to in multivendor cases where a complaint has been received and not for Single Vendor Cases and cases where only DPSU(s) / OFB are participating. The TOC will comprise of a Convener nominated by the lead SHQ of the rank of Major General/equivalent and one member each from two sister services other than the lead agency of the rank of Brigadier/equivalent. Members nominated should have adequate seniority and experience and should not have been involved with that acquisition case, in any capacity in the past. The TOC will be tasked to verify whether prescribed procedure has been followed in the procurement case. The TOC will also review and bring out the status of a grievance or complaint, if any existing at this stage, pertaining to acquisition scheme and will have to give its observations and recommendations, based on a majority decision, within 30 days, which may be extended by a maximum period of 30 days, with the consent of the DG(Acquisition). TMs of the Acquisition Wing will provide the Secretarial support to the TOC and ensure availability of all inputs from DDP/Acquisition Wing, Def (Fin) and SHQ to the TOC. The SHQ will clarify any queries raised by the TOC. The TOC report will be submitted to the Defence Secretary for approval. In case of complaints, cases may be referred to the nominated Independent Monitors (IMs) by the Acquisition Wing/any other department of the MoD or initiated suo-moto by the vendors/any other agency. Post analysis, the IMs report will be submitted to the Acquisition Wing. All reports opined by the IMs as vexatious or frivolous or lacking cogent evidence will be put up for acceptance of the Defence Secretary. IM Reports which ascertain genuineness of the complaint and recommend that cognisance of the complaint/action on the same will be forwarded to the Raksha Mantri for acceptance.

**Contract Negotiation Committee (CNC)**

135. The CNC will be constituted after the TEC/Staff Evaluation/TOC, as applicable, report has been accepted. CNCs in Non Delegated cases will be chaired by the respective AMs, while Delegated Power cases upto ₹ 150 crores will be chaired by Brigadier or equivalent of the SHQ and cases above ₹ 150 Crores to 300 Crores will be chaired by Major General or equivalent of the SHQ. In all cases, CNC will deliberate/accept recommendations of the Benchmarking Committee and establish reasonability of the benchmarked price, in an internal meeting before opening the commercial offer. Wherever necessary, additional inputs from other sources may be obtained by the CNC.

136. In cases where no field evaluation is to be undertaken or there has been oversight in constituting a Benchmarking Committee earlier or proceedings of the Benchmarking Committee have not been completed, the entire benchmarking activity will be undertaken by the CNC itself. In cases where there is no FET, the CNC would be constituted within a week of acceptance of TEC Report by the competent authority. The standard composition of the CNC shall be as indicated at Appendix G to this Chapter. Suitable technical member(s) may be co-opted by the Chairman to negotiate Life Cycle Support Contract (where applicable), along with the main contract. Any change in the composition of the CNC may be effected with the approval of DG (Acquisition) or CFAs. Where considered necessary, a Service officer or any officer other than from the Acquisition Wing of the MoD may be nominated as
Chairman of the CNC with the prior approval of RM. The organisations/agencies concerned should ensure that their representatives in the CNC have adequate background and authority to take a decision without any need to refer back to their organisation/agency. The sealed commercial offers of the technically accepted vendors shall be opened by the CNC at a predetermined date and time under intimation to vendors, permitting such vendors or their authorised representatives to be present, only after the acceptance of the TOC report, wherever applicable. The bids of the competing firms shall be read out to all members present and signed by all members of the CNC. The CNC would carry out all processes after opening of commercial bids, till the finalisation of CNC report.

137. In cases, where ToT for Maintenance Infrastructure is being sought, the maintenance contract involving the OEM and the industry receiving the technology would also be negotiated along with the main contract.

138. The contract negotiation process would start with preparation of a ‘Compliance Statement’ incorporating the commercial terms offered in the RFP and that sought by the vendor(s), analysis of the discordance and the impact of the same. A similar statement would be prepared in regard to deviations noticed in the delivery schedules, performance-cum-warranty/guarantee provisions, acceptance criteria, Engineering Support Package (ESP), lifecycle support etc. Comprehensive analysis of the commercial offer would form the basis for subsequent decisions.

139. The CNC would prepare a Comparative Statement of Tenders (CST) with a view of evaluating the technically acceptable offers and determine the lowest acceptable offer (L1 Vendor); the methodology detailed in Para 10.3 (Chapter II), will be used wherever applicable.

140. Once the L1 vendor is identified in multi-vendor cases, the contract should be concluded with the vendor 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 is established. Once the commercial offers are opened and the price of the vendor is found to be within the benchmark fixed in the internal meeting, there should be no need to carry out any further price negotiations. The RFP in multi-vendor cases should clearly lay down that no negotiations would be carried out with the L1 vendor once the reasonability of the price quoted by the vendor is established. Aspects of advance and stage payments (where applicable) should also be given upfront in the RFP so that it facilitates selection of L1 vendor.

141. 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.

142. 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 both the L1 and L2 vendor, provided the L2 vendor agrees to match the L1 price.

143. Cases in which contracts have earlier 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.

144. For certain category of items, where orders have been placed in the past or involves invoking of the Option Clause, there could be downward trend of prices since the last contract. It would thus be necessary for the CNC to verify that there has been no downward trend since the last purchase and this would have to be kept in mind while arriving at the prices.

145. In cases where DPSU equipment has been already priced by the Costing Committee constituted under Secretary (DP) for Pricing of DPSU equipment on orders of RM, such price may be adopted by the CNC and the CNC may not furnish reasonability of cost certificate for such DPSU items.

146. To ensure product support during the service/shelf life of the product, the CNC would negotiate the terms of life-cycle support along with the main contract and would finalise the following with the L1 vendor:-

(a) Assured supply of information on product/technological improvement, modifications and upgrades.

(b) Obsolescence management and life time purchases.

(c) An illustrated spares price catalogue with base price and pricing mechanism for long term.

(d) **Life Cycle Support Contract (LCSC)**. The LCSC would be signed along with the main contract and would clearly stipulate the obligations of vendor towards provisioning Life cycle support for the equipment.

147. In cases involving Buyer Nominated Equipment (BNE) being procured from a common single source, whether OFB, DPSU or private vendor, the commercial bid will clearly indicate the cost of BNE as quoted by OFB/ DPSU / private vendor, with documentary proof. L1 in such cases will be determined after deducting the cost of the OFB / DPSU / private vendor supplied BNE, from the total cost quoted by the vendor. However, payment will be made to the vendor after adding the actual cost of BNE, at the time of purchase from OFB / DPSU / private vendor, to the L1 cost determined as mentioned above; the cost of equipment supplied by OFB will be considered minus excise duties and other
applicable levies. This provision is applicable only in cases where the BNE has to be 
procured from a common single source, whether OFB, DPSU or private vendor and BNE rate 
in such cases would also be separately negotiated.

148. In cases owing to longer gestation time, the L1 vendor may offer better specifications 
of the equipment at the CNC stage at no additional cost. The CNC will be empowered to 
negotiate and recommend acceptance of the same to the CFA provided all parameters are met.

149. **ATP Issues at CNC Stage.** QAP (including ATP) finalised during the Technical 
trials for the equipment of L1 vendor, will be placed before the CNC and included in the draft 
contract. Methodology of JRI (wherever applicable) will be finalised by SHQ alongwith 
vendor and representatives of QA agency, and will also be included in the draft contract. 
Details of the Third Party Inspection by authorised TPI Agencies, if applicable, for Pre 
Despatch Inspection/Joint Receipt Inspection will also be finalised in the ATP.

150. **Return of Commercial Offers.** Situations would arise when the validity of the 
commercial offers submitted by vendors expire before acceptance of Staff Evaluation report 
in cases where the PVC is not applicable. In such cases, vendors would be given an option to 
either extend the validity of the commercial offer for a specified period (the period to be 
decided in consultation with SHQ) or to submit fresh commercial proposals except for cases 
referred in Paras 51 and 57 of this Chapter. For cases where vendors want to submit fresh 
commercial proposal, their old proposals would be returned unopened to them by the 
AMs/SHQs. However, for the cases where the RFP is retracted after submission of the bids or 
a vendor is rejected at TEC/Trial/Staff Evaluation stage or a vendor unilaterally withdraws 
from the acquisition process, their commercial offers would be returned unopened to them by 
the TMs/SHQs.

151. **Authority for Foreclosure of AoN.** Cases where the AoN is required to be 
foreclosed due to change in operational philosophy, change in prioritisation for procurement 
or budgetary constraints will be approved by AoN according authority. Foreclosures for 
reasons other than above including those at GS Evaluation stage may be approved by DG 
(Acq) & VCDS/VCOAS/VCNS/DCAS/ DGICG for non-delegated and delegated powers 
cases respectively. The case for foreclosure of AoN, where applicable need not be fielded in 
SCAP cycle, but directly in the AoN according committee as per the extant financial powers.

152. **Authority for Retraction of RFP.** Retraction of RFPs will be approved on 
file by the DG(Acq) and VCDS/VCOAS/VCNS/DCAS/DGICG for non-delegated and 
delegated powers cases respectively.

**Approval of Competent Financial Authority (CFA)**

153. **CFA of Capital Acquisition Proposals.** The Cabinet Committee on Security 
(CCS) has approved delegation of financial powers to sanction capital acquisition proposals 
covered in the Services Capital Annual Acquisition Plans vide MoD ID No. 20(11)/2015-
D(GS-IV) dated 19 February 2019, as follows:-
(a) Upto Rs 300 Crore - VCDS, VCOAS, VCNS, DCAS, and DG(CG)

(b) Above Rs 300 Crore and upto Rs 500 Crore - Defence Secretary.

(c) Above Rs 500 Crore and upto Rs 2000 Crore - Raksha Mantri.

(d) Above Rs 2000 Crore and upto Rs 3000 Crore - Finance Minister.

(e) Beyond Rs 3000 Crore - CCS.

154. **Competent Authority to Place Indent.** The Competent Authority to place indents will be as under:-

(a) Upto Rs 300 Crore - VCDS, VCOAS, VCNS, DCAS, and DG(CG)

(b) Above Rs 300 Crore and upto Rs 500 Crore - Defence Secretary.

(c) Above Rs 500 Crore - Raksha Mantri.

155. The CNC should document the selection of vendor using a formal written recommendation report addressed to the relevant approval authority. The report must be complete in all respects and should be checked by the members of the CNC. It should comprehensively elaborate the method of evaluation and the rationale for the selection made. Vetting of the draft contract may commence once the L1 vendor is declared. The Price Variation Clause (PVC), wherever applicable and incorporated in the RFP, will now be applied on the L1 price to cater for the escalation of price from the last date of submission of bid. Negotiations, if conducted, will be carried out with the L1 vendor considering the escalated price based on the PVC. The CNC will finalise the contract before seeking CFA approval taking into consideration any other issues that may arise during the course of CNC. The CNC report should also contain the draft Contract Document, duly vetted by all the stakeholders.

156. All CNC members should sign the recommendation report, in the interest of probity and accountability, as evidence that they concur with the process adopted and the ultimate selection made. Any dissenting view, including the reasons for the same, should also be documented.

157. The report of the CNC should include:

(a) A brief background to the requirement.

(b) Composition of the CNC.

(c) An explanation of the commercial evaluation process, selection criteria and commercial evaluation matrices, if used.

(d) Brief description of different phases of the commercial negotiation process.
(e) Draft Contract Document, duly vetted by all the stakeholders.

(f) A summary of the recommendations.

158. The CNC Report, along with the summary of recommendations, would be processed by the Acquisition Manager/SHQ, as applicable, for obtaining expenditure clearance and CFA approval. In cases where CNC constituted based on AoN cost, negotiates a contract cost of higher/lower delegated powers, the proceedings of the CNC would be finalised and send to the applicable CFA (as per contract value) for sanction.

Award of Contract/Placing of Indents

159. **Standard Contract Document.** The Standard Contract Document at Chapter VI indicates the general conditions of contract that would be the guideline for all acquisitions. The date of signing of the contract would be the effective date of contract for all acquisitions, unless the contract specifies otherwise. However the date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T0), 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. The above will apply to Fast Track Procedure (FTP) cases also. This clause will not be applicable in cases wherein Advance payment is released after First Off Production Model (FOPM) is successfully validated. In such cases, date of accord of Bulk Production Clearance will be date for reckoning date of delivery. The draft contract would be prepared as per these guidelines. However, for single vendor procurements, if there is a situation where Government of India has entered into agreements with that country regarding specific contractual clauses, then the terms and conditions of such agreements would supersede the corresponding standard clauses of DPP. Consequent to the approval of the CFA, the contract(s) (including Offset Contract and Life Cycle Support Contract) would be signed by the Acquisition Manager/Director (Procurement) concerned in the Acquisition Wing or by an officer authorised by the PSO at the SHQ.

160. **Integrity Pact.** An ‘Integrity Pact’ would be signed between government department and the bidders for all procurement schemes over ₹ 20 Crores. The Pre Contract Integrity Pact document is placed as Annexure I to Appendix M of Schedule I (RFP format). In ‘Buy’ and ‘Buy and Make’ cases schemes, the Indian or foreign vendors submitting multiple bids will be required to submit one Integrity Pact and one IPBG. Post contract, the IPBG submitted based on the estimated cost of the AoN will be replaced by a fresh IPBG based on the contracted price.

161. Guidelines for Putting on Hold, Suspension, Debarment and any other penal action on the Entities dealing with Ministry of Defence, as promulgated by Government from time to time and as hosted on MoD website, will be applicable on procurement process and bidders.
**Contract Administration and Post-Contract Management**

162. All issues related to Post Contract Management will be governed as per Chapter __ of this DPP.

**Subsequent Procurement of Already Contracted Equipment**

163. To enhance standardisation and reduce inventory cost, as also training effort, Services may opt to procure equipment/systems/platforms already inducted into service through the original OEM/vendors. These cases would not be construed as ab-initio single vendor case and would be processed as mentioned at Para 114 to 121 below.

164. **Option Clause.** Where only part quantity of an equipment are being procured, SHQ may built-in provision for an ‘Option Clause’ in the main contract to procure additional equipment, spares, facilities or services, till last delivery of the main equipment, as per the cost, terms and conditions set out in the original contract. Such cases would be included in the SoC, at the time of seeking AoN for the initial procurement. SHQ will, however, obtain AoN directly from the appropriate approving authority for exercising the Option clause, without progressing the same through the SCAP cycle. While exercising the Option Clause, SHQ will examine the viability of the same viz-a-viz fresh procurement and the same will be endorsed in the SoC for seeking AoN for the same. All terms and conditions of the original contract will apply to the case in which Option Clause is being exercised.

165. **Repeat Order.** For equipment/systems/platforms already inducted into service, it may be necessary to go back to the OEM/vendors for placing repeat orders. AoN for repeat orders must be obtained within five years of date of completion of warranty on final delivery against the previous contract. In such cases it may be ensured that as far as possible the SQRs of the equipment are as per the previous order. Repeat order cases would not be construed as single vendor cases. Repeat Order would generally be limited to quantity not exceeding 100% of the previous order. Specific approval of DPB (in acquisition cases up to ₹ 500 Crores) or DAC (in acquisition cases excess of ₹ 500 Crores) as the case may be, would be obtained for Repeat Order of quantity exceeding 100% of previous order. Such restriction in Repeat Order would not be applicable for cases categorised as ‘Buy and Make’/ ‘Buy and Make (Indian)’/’Make’/ ‘Design & Development’ cases. Repeat order cases may fall under any of the following categories:-

(a) **Additional Quantities.** This may be necessitated to make up for deficiency in the existing scaling or to cater for the requirements due to new raisings/War Wastage Reserves (WWR)/sector stores.

(b) **Replacement Equipment.** This may be necessitated due to equipment declared ‘Beyond Economical Repairs’ (BER) or damages or loss to the earlier equipment by way of accidents/natural calamities or such like reasons.

(c) Major-assemblies/sub-assemblies/Special Maintenance Tools (SMT)/Special Test Equipment (STE)/maintenance/integration of Buyer Furnished Equipment (BFE).
(d) **Spares for All Levels of Maintenance.** It must, however, be ensured that when spares etc., are procured from OEMs of sub-assemblies, the assurances/warranties extended by the OEM for the main equipment retain their validity.

166. Repeat order cases, where equipment has already been inducted into service and thereafter it involves change in SQRs/upgrades of assemblies or sub-assemblies/procurement of upgraded equipment, would be decided by AoN approving authority.

167. **Upgrades.** Due to constant changes in technology, various weapons, equipment, etc., which are already in service, may need to be upgraded/refurbished/modified/overhauled to incorporate advancements in technology. All cases, where an upgrade to an in service weapon system/equipment is being planned through the OEM (view proprietary equipment or where the OEM is offering an upgrade as part of life-cycle support, etc), will also follow the ‘Repeat Order’ procedure.

168. In cases of ‘Option Clause’ and ‘Repeat Order’, generally no FET would be conducted and only a commercial RFP would be issued to the vendor. However, limited Validation trials for cases involving changes to SQRs/upgrades may be conducted after including the same in the SoC while seeking AoN. ‘Option Clause’, ‘Repeat Order’ or ‘Upgrade’ cases will not follow the dual vetting of SCAP, but would be fielded directly in the AoN according committee, depending upon the financial value of the case.

169. If equipment proposed to be procured has already been procured by a sister service, Border Roads Organisation (BRO), other MoD agencies, Para Military Forces (PMF), ARC/NTRO, Central Armed Police Forces (CAPF) or any other Law Enforcement agency, after following due process, then such cases would be treated as Repeat Order and provisions of paragraphs 96-99 (Chapter II would apply.

**Change of Name of Vendor**

170. Whenever a change in vendor name occurs during any stage of procurement process—from submission of RFI till execution of complete contract; due to any reason such as change in business strategy, merger and acquisitions or any other reason, guidelines/procedure as given at Appendix F to this Chapter, are to be followed. Whenever a vendor applies to regulatory authorities for change of name, it must inform the SHQ User Directorate/MoD at the earliest. Notwithstanding the on-going process of change of name of any vendor concerned, the procurement process shall continue. On approval of change of name of vendor by legal authorities and issuance of new certificate of incorporation by Registrar of Companies (ROC)* or any other relevant authority, all relevant documents, self-authenticated by authorised representative of new vendor (legal entity), must be submitted to the SHQ User Directorate/MoD by vendor at the earliest. Also, an undertaking by the new vendor as applicable has to be submitted as per the format given in Annexure to Appendix F to this chapter. Grant of consent for change of name by authorities concerned at SHQ/MoD is subject to submission of all relevant documents.
Note: Registrar of Companies (ROC) are appointed as per the applicable provisions of Companies Act, covering various States and Union Territories of India. For the purpose of this paragraph and related appendix and annexure thereof, the term ROC also includes relevant regulatory authorities of different countries in case of foreign vendors.

Ab-initio Single Vendor Cases

171. If certain equipment being manufactured by only one vendor, which may not necessarily be a DPSU, is to be procured to attain qualitative edge over our adversary, then such cases should be discussed, deliberated and decided by the AoN according authority, after proper technology scan is carried out by SHQ, in consultation with DRDO/other stakeholders, as applicable.

172. Cases which are being undertaken by DRDO/DPSUs/OFB/Indian private industry as design and development projects or ToT has been obtained earlier by an Indian vendor, would not fall in the category of Single Vendor cases. However, approval of the AoN according authority for carrying out these projects needs to be sought prior to their commencement of the design and development process.

173. If DPSUs/OFB/Indian private industry signs a MoU with a foreign firm for co-production/ToT/procurement of equipment to be offered to services with approval of DAC, then such procurements, at a later point of time, would not be considered single vendor cases. Alternatively, if the DPSUs/OFB/Indian private industry signs a MoU without the approval of the DAC then it would have to compete in a competitive manner for the said procurement.

Inter Government Agreement (IGA)

174. There may be occasions when procurements would have to be done from friendly foreign countries which may be necessitated due to geo-strategic advantages or imperatives of strategic partnerships or major military, technological, economic, diplomatic or political benefits. These principal factors may determine the choice of a specific platform or equipment on a single vendor basis. Such procurements would not classically follow the Standard Procurement Procedure and the Standard Contract Document but would be based on mutually agreed provisions between the Governments of both the countries. The procurements in such cases may be based on technical specifications and testing procedures of the OEM itself. Such procurements will be done based on an Inter-Governmental Agreement (IGA) after clearance from CFA and would be progressed with approval of AoN according authority. The broad procedure for concluding of an IGA will be as under:-

(a) Approval of broad guidelines related to the proposed IGA will be approved by the DAC.

(b) Negotiations with the foreign Government agency/OEM will then be carried out by a Committee comprising of representatives of the Acquisition Wing, concerned SHQ, Defence (Finance) and the nominated domestic manufacturer, if any, to determine draft terms of the IGA to include estimated price, availability, indigenisation plan etc.
(c) The MoD will then obtain the approval of the CCS on the draft IGA post which the IGA will be concluded with the foreign government.

175. For other arrangements like FMS/SCOC the case could be progressed with approval of AoN according authority.

176. AMs/SHQs would be authorised to issue the RFP/LoR/Memorandum/LoI and sign the Contract/LoA, as applicable. The following cases would fall under the purview of this provision:-

(a) When equipment of proven technology and capabilities belonging to a friendly foreign country is identified for procurement by our Armed Forces.

(b) When very large value weapon system/platform, which was in service in a friendly foreign country, is available for transfer or sale (ex stock or fresh production).

(c) When specific equipment/platform, is under restriction for sale by the Government of the OEM’s country such equipment may be obtained on lease for a specific period by signing an Inter-Governmental Agreement before a decision on its purchase is taken.

177. In cases of large value acquisitions, especially cases requiring product support over a long period of time, it may be advisable to enter into a separate Inter Government Agreement (if not already covered under an umbrella agreement covering all cases) with the Government of the country from which the equipment is proposed to be procured after the requisite inter-ministerial consultation. Such an Inter-Governmental Agreement is expected to safeguard the interests of the Government of India and should also provide for assistance of the foreign Government in case the contract(s) runs into unforeseen problems.

178. Co-development. There may be cases where it is proposed to co-develop a product/equipment offering transformative/unique/niche’ technology; or a futuristic equipment/platform with a friendly foreign country; or where co-development is likely to benefit ongoing indigenous projects in India. Such cases will be progressed under an Inter-Governmental Agreement-specific Project Agreement after clearance from the DAC.

179. Co-production. Similarly there may be cases where it is proposed to work with a foreign entity to co-produce equipment/assemblies/sub-assemblies/spares for defence usage in India. Co-production opportunity may be progressed in any of the following cases with approval of the DAC:-

(a) Import Substitution. Proprietary equipment or assemblies/sub-assemblies/spares of equipment in service with Indian Armed Forces and where production in India would lead to reduction in life-cycle cost, besides contributing towards building a robust defence eco-system.

(b) The platform/equipment is of unique nature, not available or being offered by other nations, and/or
(c) Equipment where co-production of the platform/equipment will contribute towards making India a global/regional hub for manufacture/MRO/spares, and/or provide a boost to defence exports.

(d) Where collaboration between Indian and foreign entity(ies) may lead to co-development/co-production of a product/components with potential for usage by Indian Armed Forces in future.

Note. In all such cases, SHQ would undertake a preliminary scan to prima facie establish rationale for processing the case on a Single Vendor Basis; that is to examine that no other nation can (e.g. proprietary equipment) or is likely to offer higher IC prior to seeking AoN. The guiding principle in such cases shall be to maximise Indigenous Content (IC), as well as ToT.

Processing of Procurement Cases

180. In order to cut down the delays in procurement of equipment and ensure that the procurement system is more responsive to the needs of the Armed Forces, the following steps need to be taken:-

(a) Broad time frame for completion of different procurement activities, given at Appendix H should be adhered to. Major deviations from this time frame should be brought to the notice of the DPB, for necessary corrective measures.

(b) Once the SoC is forwarded by SHQ to MoD for non-delegated cases, consolidated observations/ clarifications sought from up to and including the level of JS/AM in the MoD and MoD (Fin) should be clarified in an across the table discussion and minutes of the same recorded on file. For delegated power cases same will be ensured by respective PIFA/IFA(Capital) for observations related to financial effects. All efforts should be directed towards avoiding multi-layered examination of proposals in MoD (Acquisition Wing) and decisions should be taken by AMs/FMs/TMs in a collegiate manner.

181. Monitoring Mechanism. To ensure that timelines of various stages are adhered to and the entire procurement schedule progresses in a time bound manner, regular feedback/update of all schemes will be conducted at SHQ/MoD levels as under:-

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Stage of Procurement</th>
<th>Delegated Powers</th>
<th>Non Delegated Power</th>
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<tbody>
<tr>
<td>(a)</td>
<td>Delay in formulation of SQRs by more than 52 weeks from receipt of RFI response</td>
<td>SPB</td>
<td>DPB</td>
</tr>
<tr>
<td>(b)</td>
<td>Delay in formulation of SQRs by more than 76 weeks from receipt of RFI response</td>
<td>DPB</td>
<td>DAC</td>
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</tbody>
</table>
(c) Delay in fielding of case for AoN more than 24 weeks from approval of SQRs  
   SPB | DPB

(d) Delay in fielding of case for AoN more than 52 weeks from approval of SQRs  
   DPB | DAC

(e) Review of AoN and abnormal delays in Delegated Power cases  
   DG(Acq) | -

(f) Delay in FET beyond 3 months  
   

(g) Delay of CNC beyond eight weeks of acceptance of Staff Evaluation/TOC  
   Vice/Deputy Chief/equivalent | DG(Acq)

(h) Delay of approval of CFA beyond eight weeks of submission of CNC report and draft CFA Note  
   

(i) Progress of all ongoing cases including budget expenditure  
   Quarterly (April, July, October and January) | DPB  
   Six Monthly (April and October) | DAC

(j) Delay in deliveries of procurement cases > 1000 Crores  
   Six Monthly (April and October) | DAC

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**Deviations from DPP**

182. Any deviation from the prescribed procedure will be put up to DAC through DPB for approval.

183. Situations not foreseen and explained in the DPP may arise; under such circumstances the spirit as explained in preamble would provide the DAC the necessary guidance to determine the appropriate course of action.

****
REQUEST FOR PROPOSAL

BY

MINISTRY OF DEFENCE

GOVERNMENT OF INDIA

FOR PROCUREMENT OF

(With details of Project/Equipment)

This document is the property of Government of India/Ministry of Defence.

The contents of this RFP must not be disclosed to unauthorised persons and must be used only for the purpose of submission of Bids.

This document contains ____ pages including cover page and Appendices.
To

REQUEST FOR TECHNICAL AND COMMERCIAL PROPOSAL FOR
(GENERIC NOMENCLATURE OF EQUIPMENT)
CATEGORY: .......(AS PER AON)

Dear Sir/Madam,

1. The Ministry of Defence, Government of India, intends to procure [generic nomenclature of equipment and quantity] and seeks participation in the procurement process from prospective Bidders subject to requirements in succeeding paragraphs.

Synopsis

2. **Broad Description of Equipment/System.**

   The details of the equipment/system along with its usage and basic composition may be included in the Para to enable understanding of the Bidder about the procurement.

   (For Illustration: An integrated Fire Fighting Training Facility comprising of Fire Training Area, class room, change room and office space is required to be installed at Lonavla to provide basic training in firefighting to approximately 3500 trainees per year.)

3. The salient aspects and timelines of the procurement are tabulated below. In case of any variation in the details furnished below or other Annexures with that mentioned in the RFP, information furnished in the main body of the RFP at referred Paragraph is to be followed.

<table>
<thead>
<tr>
<th>Ser No.</th>
<th>Description</th>
<th>Details</th>
<th>Reference Para of RFP</th>
</tr>
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<tbody>
<tr>
<td>(a)</td>
<td>Equipment/System required</td>
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<tr>
<td>(b)</td>
<td>Quantity Required</td>
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</table>
4. **Special features of RFP.**

Special requirements of RFP like integration with other systems, linking of Trials with completion of delivery, infrastructure augmentation etc. are to be specified to draw the attention of bidders on critical aspects of the RFP.

(For Illustration: The equipment to be supplied is to be interfaced with the CMS of the platform for which interfaces are to be designed by the Bidder. The Interface Protocols will be provided by the Buyer. Interfacing and proving the system will be responsibility of the Bidder.)

5. This Request for Proposal (RFP) consists of following four parts:-

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<thead>
<tr>
<th>Ser No.</th>
<th>Description</th>
<th>Page No.</th>
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<tbody>
<tr>
<td>(a)</td>
<td>Part I – General Requirements</td>
<td></td>
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<tr>
<td>(b)</td>
<td>Part II - Technical Requirements</td>
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<td>(c)</td>
<td>Part III – Commercial Requirements</td>
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<tr>
<td>(d)</td>
<td>Part IV – Bid Evaluation and Acceptance Criteria</td>
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6. The Government of India invites responses to this request only from Original Equipment Manufacturers (OEM) or Authorised Vendors or Government Sponsored Export Agencies (applicable in the case of countries where domestic laws do not permit direct export by OEM) subject to the condition that in cases where the same equipment is offered by more than one of the aforementioned parties, preference would be given to the OEM.

7. The end user of the equipment is the Indian Armed Forces.

8. This RFP is being issued with no financial commitment; and the Ministry of Defence reserves the right to withdraw the RFP and change or vary any part thereof or foreclose the procurement case at any stage. The Government of India also reserves the right to disqualify any Bidder should it be so necessary at any stage on grounds of National Security.

9. This RFP is non-transferable.
10. In addition to various Appendices and their Annexures, attached with this RFP, reference to various paragraphs of DPP-2020 has been made in the RFP. The DPP-2020 is an open domain document that is available at GoI, MoD website www.mod.nic.in.

11. Please acknowledge receipt.

Yours faithfully

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Disclaimer

1. This RFP is neither an agreement and nor an offer by the MoD to the prospective Bidders or any other person. The purpose of this RFP is to provide interested parties with information that may be useful to them in submitting their proposals pursuant to this RFP. This RFP includes statements, which reflect various assumptions and assessments arrived at by the MoD in relation to the Project. This RFP document and any assumptions, assessments and statements made herein do not purport to contain all the information that each Bidder may require. The Bidder shall bear all its costs associated with or relating to the preparation and submission of proposal pursuant to this RFP. Where necessary, MoD reserves the right to amend or supplement the information, assessment or assumptions contained in this RFP. The MoD reserves the right to withdraw the RFP or foreclose the procurement case at any stage. The issuance of this RFP does not imply that the MoD is bound to shortlist a Bidder for the Project. The MoD also reserves the right to disqualify any Bidder should it be so necessary at any stage on grounds of National Security.
PART I – GENERAL REQUIREMENTS

1. This part consists of the general requirement of the Goods (also referred as equipment/systems/deliverables) and Services, hereafter collectively referred as ‘Deliverables’, the numbers required, the time frame for deliveries, conditions of usage and maintenance, requirement for training, Engineering Support Package (ESP), Offset obligations and warranty/guarantee conditions, etc. It includes procedure and last date and time for submission of bids.

Non-Disclosure

2. The Bidding documents including this RFP and all attached documents, provided by the MoD, are and shall remain or becomes the property of the MoD and are transmitted to the Bidders solely for the purpose of preparation and the submission of a proposal in accordance herewith. Bidders are to treat all information as strictly confidential and shall not use it for any purpose other than for preparation and submission of their proposal. The provisions of this Para shall also apply mutatis mutandis to Bids and all other documents submitted by the Bidders, and the MoD will not return to the Bidders any proposal, document or any information provided along therewith (except unopened Commercial Bid and IPBG, as relevant).

3. Information relating to the examination, clarification, evaluation and recommendation for the Bidders shall not be disclosed to any person who is not officially concerned with the process or is not a retained professional advisor advising the MoD in relation to or matters arising out of, or concerning the Bidding Process. The MoD will treat all information, submitted as part of the Bid, in confidence and will require all those who have access to such material to treat the same in confidence. MoD may not divulge any such information unless it is directed to do so by any statutory entity that has the power under law to require its disclosure or is to enforce or assert any right or privilege of the statutory entity and/ or MoD or as may be required by law or in connection with any legal process.

4. **Confidentiality of Information.** No party shall disclose any information to any ‘Third Party’ concerning the matters under this RFP generally. In particular, any information identified as ‘Proprietary’ in nature by the disclosing party shall be kept strictly confidential by the receiving party and shall not be disclosed to any third party without the prior written consent of the original disclosing party. This clause shall apply to the sub-contractors, consultants, advisors or the employees engaged by a party with equal force.

5. **Classified RFPs.** In case of issue of a classified RFP and/or documents as part of procurement process, applicable provisions will be as follows:-

   (a) All the relevant precautions and procedures for handling the RFP/document/Information have to be followed that are applicable to the relevant level of security classification, as per extant government orders on the subject. A Non-Disclosure Agreement would have to be signed by all Bidders in accordance with the format placed at Appendix Q. The Non-Disclosure Agreement would have to
be signed by the Bidder and forwarded along with the acknowledgement of receipt of the RFP.

(b) ‘Restricted Information’ Categories under ‘Official Secrets’ under Section 5 of the Official Secrets Act, 1923. Any contravention to the above mentioned provisions by any Bidder, sub-contractors, consultants, advisors or the employees of a contractor, will make them liable for penal consequences under the above said legislation.

**Business Eligibility**

6(a). **Undertaking by Bidders.** The Bidder will submit an undertaking that they are currently not banned / debarred / suspended from doing business dealings with Government of India / any other government organisation and that there is no enquiry going on by MoD/ any other government agencies against them. In case of ever having been banned / debarred / suspended from doing business dealings with MoD/any other government organization, in the past, the Bidder will furnish details of such ban / debarment alongwith copy of government letter under which this ban / debarment / suspension was lifted / revoked. The Bidder shall also declare that their sub-contractor(s)/supplier(s)/technology partner(s) are not Suspended or Debarred by Ministry of Defence. In case the sub-contractor(s)/supplier(s)/ technology partner(s) of the Bidder are Suspended or Debarred by Ministry of Defence, the Bidder shall indicate the same with justification for participation of such sub-contractor(s)/supplier(s)/ technology partner(s) in the procurement case.

6(b). Subsequent to submission of bids if any sub-contractor(s)/supplier(s)/technology partner(s) of the Bidder is Suspended or Debarred by Ministry of Defence, the Bidder shall intimate the Ministry of Defence regarding Suspension or Debarment of its sub-contractor(s)/ supplier(s)/technology partner(s) within two weeks of such order being made public.

7. **Pre-Qualification Criteria** *(for multi-vendor cases in Buy (Indian-IDDM), Buy (Indian) and Buy & Make (Indian) cases).* The detailed Pre-Qualification criteria for the Bidders for participation in the instant procurement case are placed at Appendix R to this RFP. All Bidders are to submit details as per the criteria along with the Technical Bids. These would be evaluated by the TEC.

8. **Indigenous Content.** For the purposes of this RFP and the acquisition contract (if any) signed by the Ministry of Defence with a successful Bidder, indigenous content shall be as defined under Para 7 to 15 of Chapter I and Para 1 of Appendix B to Chapter I of DPP 2020. In addition, reporting requirements for prime (main) Bidders (and for sub-contractors/suppliers/technology partners reporting to higher stages/tiers) shall be as prescribed under Para 4 to 12 of Appendix B to Chapter I of DPP 2020 *as approved by AoN according authority*. The right to audit Bidder/ sub-contractors/suppliers/technology partners shall vest in the Ministry of Defence as prescribed under Para 11 and 12; and aspects of delivery, certification, payments, withholding of payments and imposition of penalties shall be as prescribed under Para 13 to 17 thereof. Furthermore, Bidders in ‘Buy (Indian IDDM)’, ‘Buy (Indian)’, ‘Buy and Make (Indian)’, ‘Buy & Make’( if applicable),
Buy (Global-Manufacture in India) and Buy (Global) (for Indian vendors) will be required to submit their indigenisation plan in respect of indigenous content as stipulated in Para 6 of Appendix B to Chapter I and Para 50 of Chapter II of DPP 2020. The DPP-2020 is available at MoD, GoI website (www.mod.nic.in) for reference and free download.

9. **Year of Production.** Deliverables (equipment/system/other deliverables) supplied under the contract should be of latest manufacture, conform to the current production standard and should have 100% of the defined life \( \text{on case to case basis} \) at the time of delivery. Deviations if any should be clearly brought out by the Bidder in the Technical Proposal.

10. **Delivery Schedule.** The delivery schedule of equipment and services along with the relevant payment stages is specified at Annexure IV to Appendix L.

   (The acceptable range of delivery schedule of the equipment & services along with the requirement of STW/Commissioning without installation (scenario 1 & 2 of flowchart at Annexure _ to Appendix _ to Chapter II), installation, STW and commissioning (scenario 3 of flowchart) and installation, STW, integration trials and commissioning (scenario 4 to 6 of flowchart) must be indicated clearly in the RFP. Option for the supplier to indicate earliest delivery schedule earlier than that specified must be given only in unavoidable cases with due regards to its induction schedule and financial implications/budgetary constraints).

   Realistic assessment of various timelines including likely delays in the availability of associated infra/ system/ platform for installation/ integration and STW, commissioning and final acceptance is to be made and the delivery schedule is to be evolved suitably to minimise avoidable storage for extended periods.

   Various scenarios and relevant flow chart for arriving at appropriate delivery schedule is placed at Annexure _ to Appendix _ to Chapter II of DPP. It is recommended that the scenario applicable for the present case be identified from the flowchart and associated write-up before formulating the delivery schedule, preservations requirements and warranty conditions.

11. Once the contract is concluded and the delivery schedule is established, the supplier shall adhere to it and ensure continuity of supply of deliverables and their components under the contract.

12. **Preservation.** The deliverables supplied are to be preserved for \( \text{months/years} \) post-delivery/JRI/installation \( \text{to be as per delivery schedule at Para 10} \). In case, JRI necessitates unpacking to the extent that the preserved life of the deliverables is affected, Bidder is to undertake re-packing to restore the preserved life to the specified period at his own cost. In cases of any delay in STW/installation/integration trials/commissioning and if preservation period expires during the storage prior installation/post installation and prior trials \( \text{as applicable} \), the deliverables are to be re-preserved by the Bidder against payment of de-preservation/re-preservation charges by the Buyer. To facilitate this, the cost of in-storage/in-situ de-preservation/re-preservation, as applicable, is to be indicated in the Price Bid. This cost quoted by the Bidders at Sl (J) of Price bid format would be counted towards determination of L1 and will be paid on actuals. In cases of requirement of installation and trials, the warranty will commence from the date of commissioning/acceptance. In cases
where the delay is not attributable to the Bidder, payment terms for the stage related to installation and commissioning will be in accordance with Appendix M.

Note: Applicable Scenarios and flowchart are given at Annexure _ to Appendix _ to Chapter II of DPP-2020

13. **Warranty.** The deliverables supplied shall carry a warranty for __months/years/operational hours [not to be left blank]. Commencement of warranty will be from the date of acceptance post JRI or from date of installation and commissioning, as at Para 12 above [as applicable on case to case basis]. Warranty Clause is given at Appendix C to this RFP.

Note: The warranty requirements shall be specified based on the delivery schedules and any dependencies in acceptance of the equipment on external factors like availability of relevant platforms/associated equipment etc. Flow chart placed at Annexure _ to Appendix _ to Chapter II of DPP gives various scenarios and resultant formulations to aid in arriving at warranty requirements for inclusion in RFP.

14. **Offset (If applicable).** Offset obligation shall be discharged by the Bidder in accordance with provisions of DPP 2020. The Bidder has to undertake Offset contracts amounting to ___% or (as approved by the DAC) of the value of ‘Buy’ portion of the Contract amount. The technical offer should include a written undertaking to this effect. Failure to discharge this undertaking at any stage will result in disqualification of the Bidder from further participation in the evaluation process and the offer will be treated as null and void. The terms and conditions of Offset are given at Appendix D to this RFP.

(The procedure for implementation of the offset obligation is placed at Appendix D to Chapter II of DPP 2020).

15. **In Service Life/Shelf Life.** The In Service/Shelf Life of the deliverables [as applicable] shall be stipulated in the offer. In case of shelf life the relevant storage conditions should be clearly specified. The Bidder is required to give details of reliability model, reliability prediction and its validation by designer/manufacturer to ensure reliability of stores throughout Service/shelf life. The efficacy of reliability model/prediction/validation would be verified during technical and environmental evaluation as indicated in Para 45 of this RFP.

16. **Product Support.** The Bidder would be bound by a condition in the contract that he is in a position to provide product support in terms of maintenance, materials and spares for a minimum period of ____years. Even after the said mandatory period, the Bidder would be bound to give at least two years notice to the Government of India prior to closing the production line so as to enable a Life Time Buy of all spares before closure of the said production line. This, however, shall not restrict the Buyer from directly sourcing sub-equipment/sub-assembly and spares from their respective OEMs/sub-vendors on completion of warranty. In case the sub-equipment/sub-assembly/parts require tuning/calibration/integration by the Bidder prior replacement, the same is to be undertaken by the Seller at fair and reasonable cost.

17. **Obsolescence Management.** An actionable obsolescence management plan is to be proposed by the Bidder, the terms of which would be negotiated during CNC. The
mutually agreed solution would form an integral part of the contract. All upgrades and modifications carried out on the equipment during the next years or during its life cycle must be intimated to the SHQ. The mechanism for intimation of obsolescence would be finalised during the CNC negotiations and included in the Contract.

18. **Training of Crew and Maintenance Personnel.** A training package for training of operators, operator trainers and maintenance personnel to undertake operation and maintenance of equipment, along with tools and test jigs training would be required to be carried out in English language. This training shall be designed to give the operators necessary knowledge and skills to operate & maintain equipment (level 1 to 4 or ‘O’/ ‘I’/ ‘D’). The syllabus will be defined by the Bidder in consultation with the Buyer at the time of MET. The maintenance training will be imparted to the satisfaction of the Buyer and Bidder will ensure that the training content and period will be to impart working proficiency up to the required level. All training requirements such as training aids, projection system, complete equipment with accessories / optionals, technical literature, spares, test equipment / test set up, charts, training handouts, power point presentations, Computer Based Training (CBT), Documentation, Simulators etc will be catered by the Bidder.

19. The Bidder would provide the following training to the personnel of the Buyer based on agreed terms of contract details of total training duration, number of trainee, batch size, place of training etc to be included as applicable:

   (a) **Operator Training.** Operator training for ___ duration (in working days), ___ strength in ___ batch(es) are to be provided both at Bidder/Buyer premises to be indicated.

   (b) **Repair and Maintenance Course.** Maintenance training for ___ duration (in working days), ___ strength in ___ batch(es) at Bidder/Buyer premises is to be undertaken both for Field and Base level repairs.

   (c) The above training should meet the needs of repair & maintenance of the complete equipment, SMTs/STEs, test set up, assemblies/sub-assemblies as per the stipulated repair philosophy.

SHQ to give broad details of the training sought. The training details may include Duration, Batch Size, Location, Syllabus etc. Also, division of responsibility between BUYER and Bidder is to be specified in respect of training infrastructure requirement and stay/transportation arrangements, if training is done at OEM Premises.

20. **Government Regulations.** It may be confirmed that there are no Government restrictions or limitations in the country of the Bidder or countries from which subcomponents are being procured and/or for the export of any part of the deliverables being supplied.

21. It may be further confirmed that all national and international obligations relevant to transfer of conventional arms of the country of the supplier or countries from which parts and components are being procured, have been taken into account for the duration of the contract. Accordingly, thereafter there would be no review, revocation or suppression of Defence export licence and other related clearance issues to the supplier for the contract that could
impinge on the continuity of supply of items and their parts or components under the contract.

22. **Agents.** *(Applicable in case of foreign vendors only)* The Bidder is required to disclose full details of any such person, party, firm or institution engaged by them for marketing of their equipment in India, either on a country specific basis or as a part of a global or regional arrangement. These details should include the scope of work and responsibilities that have been entrusted with the said party in India. If there is non-involvement of any such party then the same also be communicated in the offers specifically. The information is to be submitted as per the format placed at Appendix E to this RFP. Without prejudice to the obligations of the Bidder as contained in various parts of this document, appointment of an Agent by Bidders will be subjected to the following conditions:-

(a) Details of all Agents will be disclosed at the time of submission of offers and within two weeks of engagement of an Agent at any subsequent stage of procurement.

(b) The Bidder is required to disclose termination of the agreement with the Agent, within two weeks of the agreement having been terminated.

(c) MoD reserves the right to inform the Bidder at any stage that the Agent so engaged is not acceptable whereupon it would be incumbent on the Bidder either to interact with MoD directly or engage another Agent. The decision of MoD on rejection of the Agent shall be final and be effective immediately.

(d) All payments made to the Agent 12 months prior to bid submission would be disclosed at the time of bid submission and thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.

(e) The Agent will not be engaged to manipulate or in any way to recommend to any functionaries of the Govt of India, whether officially or unofficially, the award of the contract to the Bidder or to indulge in corrupt and unethical practices.

(f) The contract with the Agent will not be a conditional contract wherein payment made or penalty levied is based, directly or indirectly, on success or failure of the award of the contract.

(g) On demand, the Bidder shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the contract(s) and details of payment terms between the Bidder and the Agent engaged by him.

23. **Patent Rights.** The Bidder should confirm that there are no infringements of any Patent Rights in accordance with the laws prevailing in their respective countries.

24. In the subject RFP, the Bidder is required to sign and submit Pre Contract Integrity Pact (PCIP) given at Annexure I to Appendix O to this RFP and shall also deposit Rs____ Crores/Lakhs *as applicable* as Integrity Pact Bank Guarantee (IPBG) through any of the instruments mentioned therein. This would be submitted in a separate envelope clearly marked as ‘IP and IPBG’ at the time of submission of Technical and commercial offers. The Beneficiary Bank Details for furnishing IPBG are as follows:-
25. **Transfer of Technology (ToT)** *(If applicable)*. The Govt of India, Ministry of Defence is desirous of design/development, manufacture, repair, overhaul *(as applicable)* of *(generic name of equipment)* under ToT. Aspects of ToT which are to be fulfilled by the Bidder are given at **Appendix F** to this RFP. Govt reserves the right to negotiate ToT terms subsequently but the availability of ToT would be a pre-condition for any further procurements.

**Note:**
The ToT outcomes of the project and the methodology for assessing the delivery of ToT outcomes shall be clearly brought out in this section giving the details of the scope & depth of the technology which is required and whose range could cover technology for design/development and manufacture of systems, sub-systems, assemblies, components, materials, etc, by Indian ToT partner as well as for repair, overhaul, production from CKD/SKD kits and production from raw material and components level. Aspects which are to be included in the RFP in case production from CKD/SKD/IM kits are given at **Appendix F to Schedule I**. Care should be taken to spell out the selection criteria clearly. The nominated Production Agency *(PA)* for the receipt of technology or DRDO *(in case PA is to be selected by Foreign Bidder as per Para 20 of Chapter II of DPP)* will be closely associated in the preparation of RFP. Reference is to be made to the ‘Legal Framework in ToT Agreements’ as promulgated by DDP.

26. **Transfer of Technology for Maintenance Infrastructure** *(As applicable)*. The Govt of India, Ministry of Defence is desirous that the depot level maintenance *(third line)* and the life time support for the *(generic name of the equipment)* be carried out through an Indian private/public firm. The Bidder is required to select an Indian entity which would be responsible for providing base/depot level repairs *(third line)* and the requisite spares for the entire life cycle of the equipment. For this purpose the Bidder is required to set up maintenance infrastructure and facilities for third line repairs in India at the premises of the selected Indian firm as per the terms and conditions laid down in **Appendix G** to this RFP.

27. **Fall Clause**. If the equipment being offered by the Bidder has been supplied/contracted with any organisation, public/private in India, the details of the same may be furnished in the technical as well as commercial offers. The Bidders are required to give a written undertaking that they have not supplied/is not supplying the similar systems or subsystems at a price lower than that offered in the present bid to any other Ministry/Department of the Government of India and if the similar system has been supplied at a lower price, then the details regarding the cost, time of supply and quantities be included as part of the commercial offer. In case of non-disclosure, if it is found at any stage that the similar system or subsystem was supplied by the Bidder to any other Ministry/Department of the Government of India at a lower price, then that very price, will be applicable to the
present case and with due allowance for elapsed time, the difference in the cost would be refunded to the Buyer, if the contract has already been concluded.

**Bid Timelines**

28. Any queries/clarifications to this RFP may be sent to this office by ____ (date). A copy of the same may also be sent to: 

(Address of the User Directorate)  

(Replies to queries received from Bidders up to the pre-bid meeting would be sent by SHQs to the office of TMs within two weeks of Pre-bid meeting and TMs should send the response to Bidders within one week thereafter).

29. **Pre-Bid Meeting** A pre-bid meeting will be held at ____hrs on ____ (date) at ____ (venue) to answer any queries or clarify doubts regarding submission of proposals. The vendor or his authorised representative is requested to attend. Necessary details may be sent a week in advance to _______ [user directorate], to facilitate obtaining of security clearance.

30. **Submission of Bids.** The Technical and Commercial Proposals alongwith IP and IPBG should be sealed separately in three separate envelopes clearly indicating Commercial/Technical/IP and IPBG and then put in one envelope and sealed (all the envelopes should clearly state the letter No of RFP and the name of equipment and Bidder name) and submitted to the undersigned at the following address by ____ hours on ____:

O/o Technical Manager (Land Systems)  
Room No 30, D-II Wing  
Sena Bhawan  
New Delhi-110011  
Fax No: 23792414

31. The Technical Offer will be opened at __ hrs on at the same venue as indicated at Para 30 above. The Bidder or his authorised representative is welcome to be present at the opening of the proposals. Necessary details may be sent a week in advance to facilitate obtaining of security clearance.
PART II – TECHNICAL REQUIREMENTS

32. The second part of the RFP incorporates the aspects of SQRs describing the technical parameters of the proposed equipment, and the environmental parameters for functioning. The operational characteristics and features that should be met by the equipment are elucidated at Appendix A to this RFP and the Compliance Table at Appendix B to this RFP. The Bidder would be required to offer the equipment for field evaluation on a “No Cost No Commitment” basis.

(For cases where Para 61 of Chapter II is invoked for low value items being purchased in large quantities, appropriate clause may be inserted from the guidelines issued by Acquisition Wing.)

33. **Operational Characteristics and Features.** The broad operational characteristics [including Essential Parameters ‘A’ and ‘B’ (if applicable) and Enhanced Performance Parameters along with respective Credit Scores (if applicable)] and features that are to be met by the equipment are elucidated at Appendix A to this RFP. Essential Parameters ‘B’ would be tested and validated within ____ (days/weeks/months) of signing of the contract.

Except in cases where Bidder(s) claim that the equipment fielded by them for FET can meet Essential Parameters ‘B’ and such Bidders are willing to get their equipment trial evaluated for Essential Parameters ‘B’ at FET stage wherein trials on Essential Parameters ‘B’ will be conducted as per Para 31 above (a written undertaking in this regard will be given by such Bidder(s) to SHQ prior to date of commencement of FET.

34. **Technical Offer.** The Technical Offer must enable detailed understanding of the functioning and characteristics of the equipment as a whole and each sub system independently. It must include the performance parameters as listed at Appendix A to this RFP and any other information pertaining to the technical specifications of the equipment considered important/relevant by the Bidder. The technical proposal should also include maintenance schedules to achieve maximum life and expected life of each assembly/subassembly (or Line Replaceable Unit (LRU)/Shop Replaceable Unit (SRU)), storage conditions/environment condition recommended and the resultant guaranteed in-service/shelf life. The range and depth of spares included in the proposal should be supported by necessary reliability and prediction model. These would be verified by the TEC during technical evaluation of the bids and further evaluated during FET. Any Bidder found to be providing lesser ESP/MRLS in terms of range and depth will have to make good the deficiency at no extra cost. The revised list of MRLS to this effect is to be submitted prior Staff Evaluation.

35. If there is any associated optional equipment on offer that should also be indicated separately along with the benefit that are likely to accrue by procuring such optional equipment. Should the Bidder be contemplating any upgrades or modifications to the equipment being offered, the details regarding these should also be included in the Technical Proposal.

36. **Technical Details.**

    (a) The technical details should be factual, comprehensive and include specifications of the offered system/equipment against broad requirements listed in Appendix A to
this RFP. In cases where a Bidder claims to have equipment meeting the EPP, details of the same will be provided in the technical bid. EPP details not provided in technical bids, will not be allowed to be claimed subsequently.

(b) Insufficient or incomplete details may lead to rejection of the offer. Mere indication of compliance may be construed as incomplete information unless system’s specific technical details are available in the offer. A format of the compliance table for the technical parameters and other conditions of RFP is attached as Appendix B to this RFP.

37. The technical offer should have a separate detachable compliance table as per format given at Appendix B to this RFP stating specific answers to all the parameters as listed at Appendix A to this RFP. It is mandatory to append answers to all the parameters listed in Appendix A to this RFP. Four copies of the Technical Proposal should be submitted (along with one soft copy), however only one copy of the commercial proposal is required.

38. **Submission of Project Report** *(where applicable)*

For cases involving large scale integration with other systems or civil infrastructure or ToT, requirement of preliminary/detailed Project Report may be included in RFP as given below.

(a) **Preliminary Project Report (PPR).** A PPR must be submitted along with the Technical Offer. The PPR should indicate the methodology adopted by the Bidder to execute the program and meet the delivery schedule laid down in the RFP. The PPR has to be submitted in the format placed at Appendix H. The PPR should broadly cover the following aspects:-

(i) Project overview.

(ii) Definitions of key milestones based on indicative list of milestones and broad range of timelines specified at Para 56.

(iii) Broad plan for execution of the Project as per delivery schedule indicated at Para 10.

(iv) Lifetime product support plan.

(v) Plan for meeting the Indigenous Content (IC) stipulated in the RFP.

(vi) Project organization structure as applicable.

(vii) In case of ToTs for licensed production and MToT, information sought at Para 24, 25 and 39 (Appendix F and G), Indian sub-contractor for ToT and/or manufacturing and the methodology for setting up manufacturing infrastructure shall be part of PPR.

(b) **Detailed Project Report (DPR).** Post contract, the L1 Bidder will submit a DPR covering the key aspects highlighted in the PPR and detailed project implementation plan for ‘Make’ portion with the proposed Indian Production Agency for ‘Buy and Make’ cases and proposed ToT partner for Buy and Make (Indian) cases by dates indicated at Delivery Schedule and Stages of Payment (Annexure IV to Appendix L).
39. **Para Applicable Only for M-ToT Cases.** The detailed scope of maintenance infrastructure and conditions are elaborated at Appendix G to this RFP. A separate proposal for third level maintenance and life cycle product support should be submitted along with the technical proposal. The proposal should clearly lay down the maintenance approach that has been worked out in coordination with the selected Indian entity. It should give compliance or otherwise to the conditions that have been elaborated at Appendix G to this RFP for establishing the maintenance infrastructure. The spares, repairs and services support required from vendor for ToT to Indian entity would be implemented under long term contract. The proposal for Maintenance Transfer of Technology (MToT) shall also include Active Obsolescence Management through life cycle support of the equipment including upgradation of system/subsystem/components on completion of its fair service life.

40. **Malicious Code Certificate.** The Bidder is required to submit a ‘Malicious Code Certificate’ (only for Electronic items and Software) along with the Technical Proposal. The format is placed at Appendix J to this RFP.

41. **Field Evaluation.** The Bidder is requested to confirm his willingness to provide the equipment for trial evaluation in India on "No Cost No Commitment" basis when so requested. The Buyer, at his own expense, will depute its representatives for the Field Evaluation trials (FETs). If any part of the FETs are conducted in the Buyer’s facilities, the Bidder shall depute his personnel and equipment at his own expenses and bear the cost of all expenses of trials other than the cost of ranges, platform or facilities which the Buyer may choose to provide free of cost. *In case payment is required by Buyer for providing ranges, platform or facilities, Buyer is to indicate the required amount in the RFP.*

42. **Repair and Maintenance (ESP/AMC/CMC/LCSC/PBL (as required).** After induction, the equipment/system would repaired and maintained as per the repair and maintenance philosophy at Appendix K to this RFP. The information on Engineering Support Package that is required to be provided is enclosed at Annexure I to IV to Appendix K to this RFP. The details of AMC/CMC/LCSC/PBL proposals, if sought, must also be submitted separately by the Bidder with technical aspects being included in the technical offer and commercial aspects being included in the commercial offer.

   In case the Repair and Maintenance of equipment is through Life Cycle Support Contracts as specified at Para 20-23 of Appendix K, the Bidder would have to submit the complete Spare Parts list of equipment (not limited to MRLS) along with complete Repairable Parts list (in softcopy) in the Technical offer. The complete Spare Parts Price Lists, Repairs Price Lists and Man day Rates of Specialists would have to be submitted in the Commercial offer. Negotiations for Long Term Rate Contracts (5-8years) for Spares, Repairs and Man day rates of Specialists would be conducted concurrently with the (L1) Bidder.

   1. In case equipment is already in usage, the spare parts requirement must be specific based on the consumption pattern, rather than being based on MRLS.

   2. In case consumables are required to be supplied by the Bidder during warranty phase, the
same may be included in the Para.

3. If post warranty AMC/CMC/PBL is also being sought from the OEM, the level of AMC/CMC/PBL required (with spares/without spares/repair rate contract) must be clearly indicated.

Note: The ESP/AMC/CMC/LCSC/PBL to be sought needs careful deliberation as it will impact not only the operational availability and life of the equipment but also the overall Life Cycle Cost. The maintenance philosophy (by own resources/AMC/CMC/LCSC/PBL) is to be evolved and the requirement of spares/tools/documents/training shall be clearly spelt out based on the usage, operational criticality, nearest availability of shore/field support and past experience of similar equipment. The flow chart placed at Annexure _ to Appendix _ to Chapter II of DPP-20 gives various scenarios and resultant formulations to aid in arriving at the requirements.

43. Spares. The spares requirement will be as per Appendix K to this RFP. The spares are required to be categorized in four categories as follows:-

(a) Manufactured by Bidder as OEM and can be sourced as per Part No.
(b) Bought out items and customized by the OEM for the specific purpose and such customization would require OEM intervention.
(c) Bought out from other OEMs/Third Party as specialised items and used without any customization. Such items can be sourced by quoting their Part No./Identification No. as given by OEM/Third Party and directly utilised.
(d) General Engineering items/COTs which can be sourced by stating the relevant standards and item description.

Note: The OEM Part No. /Identification No. of items in addition to bidder assigned part number are also required to be given.

44. The Buyer would have the option to amend the MRLS proposed by the Bidder within ____ years of the expiry of the warranty period. The Bidders would either ‘Buy Back’ the spares rendered surplus or exchange them on cost to cost basis with the spares as required by the Buyer. The said spares would be purchased/replaced by the Bidder, based on the prices negotiated in the contract. The ‘Buy Back’ clause would not be applicable for additional spares included by the Buyer in MRLS during FET and SE stage, as brought out at Para 34 of RFP.

In case there is a requirement of Online Inventory Management System and/or Active Technology Obsolescence Management, the clauses are to be included as enumerated below.

45. Online Inventory Management System (OIMS). To leverage information technology and ensure expeditious order placement as well as timely product support, the Bidders is required to provide an Online Inventory Management System (OIMS), as per mutually agreed format, to place Purchase/Repair Orders (as applicable) online. The OIMS shall also provide feature to track the delivery status of the items. Further the OIMS should provide dashboard for intimation on obsolescence and offer of lifetime buy along with
provision for user to interact with the OEM for technical assistance etc. The detailed scope and features of OIMS shall be finalised during the negotiations on LCSC.

46. **Active Technology Obsolescence Management.** Bidder is to indicate the methodology on how the Bidder intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/subsystem/units on completion of its fair service life. The Bidder/OEM [as applicable] shall also intimate Buyer on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin should specify either alternate item or option for life-time buy as under:-

(a) The Bidder/OEM [as applicable] will notify the Buyer not less than three years before the closure of its production line about the intention to close production of equipment for provision of purchasing spare parts, before closure of the said production line.

(b) Three years prior to completion of design/service life of equipment, the Bidder/OEM [as applicable] will submit techno-commercial proposal for upgradation of equipment, wherever applicable, to mitigate technology obsolescence and for ensuring product support for next 15 years.

**Evaluation of Technical Offers**

47. The Technical Offer submitted by the Bidder will be evaluated by a Technical Evaluation Committee (TEC) to confirm that the equipment being offered meets the Essential Parameters and Enhanced Performance Parameters (EPP) [where applicable] as elaborated at Appendix A. For cases where Essential Parameters ‘B’ are involved, TEC will confirm that the Bidder has submitted the undertaking to this effect (Refer Para 10.2 of Chapter II of DPP-20) as per the format given at Annexure to Appendix A to this RFP. For cases where ToT for license production/maintenance infrastructure is sought, the TEC will examine the compliance of the Bidder as per the stated requirements of RFP. Thereafter, the Bidder of the short listed equipment would be asked to provide the equipment (___Nos) for trial evaluation as per trial methodology given at Appendix L to this RFP, in India at ‘No Cost No Commitment’ basis and for trials under Para 61 of Chapter II of DPP 2020, as per guidelines issued by Acquisition Wing.

**Note:** The above Para to be modified as per requirement of individual case. The details/scope of the trials, if other than NCNC trials in India to be included as per the decisions during AoN by the DAC/DPB/SCAPCHC.

**Field Evaluation Trials**

48. For an equipment to be introduced in service, it is mandatory that it successfully clears all stipulated tests/trials/evaluations as per RFP. The trial evaluation process comprises of the following phases. [SHQ may amend this paragraph as per the requirement of the proposal] :-
(a) **User Evaluation Trials.** These will involve functional testing by user of the equipment in various specified conditions as per requirement and may be done in more than one phase.

*In case trials are to be conducted at Buyer's premises or onboard Buyer's platform/vessel, clear demarcation of responsibilities between Buyer and Bidder towards conduct of Trials in terms of transportation, POLs, consumables and other requirements, on case to case basis, needs to be specified.*

(b) **Technical Trials.** Technical trials will be conducted by QA agency to assess conformance to the quality requirements/standards/specifications. Equipment/assemblies/sub-assemblies will be subjected to environmental tests wherever applicable. Towards this, Bidder will submit the technical documentation and draft ATP as part of technical bid or one month before commencement of FET. As far as possible, physical evaluation will only be carried out of critical parameters and other parameters will be evaluated based on vendor certification duly supported by certification by NABL accredited laboratories/internationally recognised laboratories.

(c) **Maintainability Evaluation Trial (MET).** MET to address maintenance, repair and spares support aspects of acquisition, wherever feasible, will be undertaken through the OEM documentation. Actual stripping of the equipment to establish adequacy of maintenance tools, test equipment and spares utilisation will ideally be undertaken, where considered necessary by the Buyer.

(d) **EMI/EMC Evaluation.** This will consist of either review of reports of EMI/EMC tests already conducted as part of qualification testing from authorised labs or physical conduct of tests to ascertain compatibility.

(e) **Secrecy Grading.** *(if applicable)*

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**Note:** **Validation Trials.** The principle to be adopted during finalizing the Validation trials and Production stage QA & acceptance trials is that they should be sufficient and just. Any over specification of trials will add to delays and cost whereas any under specification will result in substandard equipment availability.

*Induction trials are usually done on prototype set during design & development or equipment being inducted for first time in service. These are done only on one set i.e. first of type/ prototype. If the same is not possible for reasons beyond control, a subsequent set may be used for validation. Where ab-initio design & development is involved then these are to be part of validation process of design. These are not necessary to be done for already in – service/ bulk orders/ repeat orders or on all sets of the equipment unless specifically needed and included in SQRs/AoN. The Induction trials may consist of User trials/FET, Technical & Environmental Evaluation, Maintainability Evaluation Trial, EMI/EMC Evaluation and Secrecy grading depending on the SQRs. The Flow Chart for arriving at necessary details is placed at Annexure__ to Appendix _ to Chapter II of DPP.*

49. Cases involving Essential Parameters ‘B’ (specified at Appendix A) would be trial evaluated after the signing of the contract as provided in **Para 10.2** of Chapter II of DPP 2020. However, Trials for Essential Parameters ‘B’, may be conducted at the FET stage, if any Bidder(s) claims that the equipment fielded by them for FET can meet Essential
Parameters ‘B’ and such Bidders are willing to get their equipment trial evaluated for Essential Parameters ‘B’ at FET stage (a written undertaking in this regard will be given by such Bidder(s) to SHQ prior to date of commencement of FET).

**Note:** Cases involving equipment that need to undergo secrecy grading must incorporate details that the Bidders need to provide as part of the technical offer. These details can be sought by SHQ based on a Proforma to be given by HQ DRDO.

50. Commercial offers will be opened only of Bidders whose equipment is short-listed, after technical trials and evaluation and who have also submitted the offset offers *(if applicable)* and these have been accepted technically. In other words, the equipment would be required to be trial evaluated and found suitable prior to commencement of any commercial negotiations. *(If trials are not proposed then the words ‘trials and’ may be deleted)*

**Quality Assurance Plan & Acceptance Test Procedure**

51. Bidder is to submit Draft ATP along with the Technical bid or at least one month before commencement of FET. Based on the draft ATP, QAP will be finalised by the Buyer’s QA agency with Bidder during technical trials (QA & Environmental Trials). In cases where no FET are to be conducted, ATP will be finalised at the CNC stage. QAP including the ATP shall be included in the contract at the time of finalisation with successful bidder. ATP will lay down the tests to be carried out during PDI and JRI. It shall be ensured that there are no repetition of QA tests in PDI and JRI. JRI would normally be restricted to quantitative checks only, except where check proof is required to be carried out. QA of equipment will be carried out as per finalised QAP in the contract. For technical trials by QA agencies, the vendor will arrange for requisite test facilities at OEM premises/accredited laboratories for establishing conformance. The successful Bidder would also be required to provide those test facilities at OEM premises/accredited laboratories for quality assurance, which are not available with QA agencies. Details of the same will be intimated to the Bidder during finalisation of QAP in Technical trials.

**Note:** Production Stage QA & Acceptance trials are to be indicated in the RFP based on the type/origin of equipment, SQRs and categorisation. The complexity of manufacturing and end use of equipment are also to be kept in mind while specifying the QA requirements and Acceptance procedures respectively. The production stage QA may involve verification of internal QC reports and random surveillance/sampling for Raw Material, In-process, Assembly level, ESS for electronic components and FATs/HATs/SATs/OPs Checks. The flow chart placed at Annexure...
Marking and Packaging

52. **Marking of Deliverables.** The Bidder shall ensure that each deliverable is marked clearly and indelibly, as follows:-

(a) In accordance with the requirements specified in the RFP or if no such requirement is specified, with the indicated codification number or alternative reference number specified.

(b) Ensure that any marking method used does not have a detrimental effect on the strength, serviceability or corrosion resistance of the deliverables.

(c) Where the deliverables have a limited shelf life, with the cure date/date of manufacture or expiry date expressed as months and years.

53. Where it is not possible to mark a deliverable with the required particulars, these should be included on the package in which the deliverable is packed.

54. The Bidder shall pack or have packed the deliverables:-

(a) In accordance with DEFSTAN 81-041 (Part 1)/STANAG-4280 or equivalent Military Standard.

This standard is for packaging of non-explosives only. Not to be referred in case of ordnance stores. For explosives/ordnance stores, refer to relevant JSS/Standards.

(b) To ensure that each deliverable may be transported in an undamaged and serviceable condition.

55. The Bidder shall ensure that each package containing the deliverable is labeled to include:-

(a) The name and address of the consigner and consignee including

   (i) The delivery destination/address if not of the consignee

   (ii) Transit destination/address (for aggregation/disaggregation, onward shipment etc)

(b) The description and quantity of the deliverables.

(c) The full part number in accordance with codification details or as per ____.

(d) The makers part, catalogue, serial, batch number, as appropriate.

(e) The contract number.
(f) Any statutory hazard markings and any handling markings including the mass of any package which exceeds 3 kgs.

(g) The Packaging Label (military J, N or P, special H, commercial A, C etc) (specify reference to DEFSTAN 81-041 (Part 1)/STANAG-4280 or equivalent Military Standard.)

**Note 1:** Packages to be used for defence material shall be designed to an appropriate Military Packaging Level. The Packaging Level as per DEFSTAN 81-041 Part 1 needs to be defined in RFP based on the type of stores, storage, handling and transportation requirements. Commercial Packaging may be either Trade Package or Export Trade Package where Code A or C is used respectively. For special requirements Code H is used. In Military Level Packaging Code P, N & J are used based on storage and distribution requirements. The details of the conditions applicable for goods deliverables being inducted needs to clearly identified and compared to the conditions of each code as defined in DEFSTAN 81-041 Part 1, to arrive at correct packaging level.

**Note 2:** The requirements of Packing/ Storage/ Preservation/ De-Preservation/ Re-Preservation are to be indicated in the RFP based on the delivery schedules of various components of a complex system or integration requirements and availability of other systems. The flow chart placed at Annexure ...to Appendix _ to Chapter II of DPP gives the various scenarios and resultant formulations to aid in arriving at the requirements.

56. **Monitoring of Project Based on Contractual Milestones/DPR [as applicable].**

After placement of order, the progress of the project will be monitored by the Buyer for compliance with various activities towards achieving contractual milestones/DPR involving delivery/installation/ integration/trials etc. The contractual milestones will be integral part of the contract. In case the project does not proceed as per the indicated timelines for various contractual milestone(s), the Buyer will have the right to invoke Termination of the project. The indicative list of Contractual Milestones and broad range of timelines (earliest and latest time for completion) for the project are as follows (to be used for preparation of PPR and DPR):

<table>
<thead>
<tr>
<th>Sl</th>
<th>Milestone</th>
<th>Timeline (To+Weeks)</th>
<th>Remarks</th>
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57. The Bidder is to indicate the proposed timelines for the above milestones in the Technical Bid. On conclusion of the Contract, these milestones will be monitored by the Buyer.

58. The Project Monitoring Meeting is to be organized at _____ months interval. The Bidder shall attend the progress monitoring meetings through its suitably qualified representatives and shall submit progress reports to the Buyer.
PART III - COMMERCIAL REQUIREMENTS

59. The third part of the RFP consists of the commercial clauses and Standard clauses of contract. The bidders are required to give confirmation of their acceptance of these clauses.

Commercial Bid

60. The Bidder is requested to take into consideration the Commercial Clauses and Payment Terms given at Appendix M to this RFP while formulating the Commercial Offers. The bidders are required to quote their price in Price bid format given in Appendix N to this RFP.

**Note**: The payment terms and stages shall be specified based on the delivery schedules and any dependencies in acceptance of the equipment on external factors like availability of relevant platforms/associated equipment etc. Clauses to safeguard BUYER and Bidder interests in the event of unforeseen events not attributable to them may be included. The payment terms may have provisions for payment against suitable bank guarantees in case of inordinate delay in acceptance of equipment due to external factors. However, these should not include performance/acceptance failures of equipment. Flow chart placed at Annexure__ to Appendix _ to Chapter II of DPP gives various scenarios and resultant formulations to aid in arriving at payment terms for inclusion in Appendix M to RFP.

61. Commercial offers will be opened only of the Bidder whose equipment is short-listed, after technical trials and staff evaluation. The Commercial Offer must be firm and fixed and should be valid for at least 18 months from the date of submission of offer. *(period may be amended, if required)*

Commercial Bid Opening

62. The Commercial Offers will be opened by a committee and if Bidder desires he may depute his representative, duly authorised in writing, to be present at the time of opening of the offers.

63. The date, time and venue fixed for this purpose will be intimated separately after the evaluations are completed.

64. The committee will determine the lowest bidder (L1). In cases where EPP are involved, L1 would be decided based on the credit scores earned by the Bidder. The Buyer Furnished/Buyer Nominated equipment/system/components (BFE/BNE) to be procured from a single source, if any, would not be included in determination of L1. However, the interfacing cost of these with other equipment/system/components will be included. In case one of the BFE/BNE equipment/system/component supplier is also a bidder then he has to provide the complete data required for interfacing to all other Bidders through BUYER/directly under a undertaking of sufficiency and correctness.

**Note**: EPP parameters and respective credit scores for each should be given in the RFP
This provision would be applicable only in multi-vendor cases. For such cases the aspects of advance/stage payments if any and all requisite details for the Bidder to formulate a comprehensive commercial proposal be indicated upfront in the RFP so that selection of L1 is facilitated.

Additional Aspects

65. **Standard Conditions of RFP.** The Government of India desires that all actions regarding procurement of any equipment are totally transparent and carried out as per established procedures. The bidder is required to accept our standard conditions furnished at Appendix O to this RFP regarding Agents, penalty for use of undue influence and Integrity Pact, access to books of accounts, arbitration and clauses related to Law. These conditions along with other clauses of the Contract form the Standard Contract Document (as at Chapter VI of DPP 2020) indicates the general conditions of contract that would be the guideline for all acquisitions. The draft contract would be prepared as per these guidelines.

66. **Option Clause (as applicable)** The format of option clause is placed at Appendix P to this RFP.
PART IV: BID EVALUATION AND ACCEPTANCE CRITERIA

67. A list of documents/details to be submitted along with the bids is placed at Appendix R as a reference to help in completeness of bid and meeting the procurement process schedule.

68. The bids shall be unconditional and unqualified. Any condition or qualification or any other stipulation contained in the bid shall render the bid liable to rejection as a non-responsive bid.

69. The bid and all communications in relation to or concerning the bidding documents shall be in English language.

70. **Evaluation and Acceptance Process.**

(a) **Evaluation of Technical Proposals.** The technical proposals forwarded by the Bidders will be evaluated by a Technical Evaluation Committee (TEC). The TEC will examine the extent of variations/differences, if any, in the technical characteristics of the equipment offered by various Bidders with reference to the QRs and prepare a “Compliance Statement” for shortlisting the Bidders. The shortlisted Bidders shall be asked to send the desired units of the equipment/weapon system to India for Field Evaluation in varying climatic, altitude and terrain conditions. Field Evaluation would be conducted for Essential Parameters-A and EPP. A staff evaluation will be carried out, which will give out the compliance of the demonstrated performance of the equipment vis-à-vis the requirements. The compliance would be determined only on the basis of the parameters specified in the RFP. The staff evaluation will analyse the field evaluation results and shortlist the equipment recommended for introduction into service.

**Note:** Essential Parameters-B, when tested after signing of contract, will be evaluated as per the terms of the contract. The tests for Essential Parameters-B would also validate that there is no adverse effect on any of the Essential Parameters-A.

(b) **Evaluation of Commercial Bid.** The Commercial bids of only those bidders will be opened, whose technical bids have been cleared by TEC; equipment has been shortlisted after Field Evaluation(Trials)/Technical Trials and Staff Evaluation; and whose offset offers have been accepted technically, wherever applicable. Comparison of bids would be done on the basis of Evaluation criteria given in Appendix M to this RFP. The L-1 bidder would be determined by Contract Negotiation Committee (CNC) on the basis of Appendix N to this RFP. If EPP is applicable, L1 determination would be as per Para 10.3.1 of Chapter II. Only L-1 bidder would be invited for negotiations by CNC.

(c) **Contract Conclusion/Placement of Order (as applicable).** The successful conclusion of CNC will be followed by contract conclusion/placement of order.
OPERATIONAL CHARACTERISTICS AND FEATURES

1. This information would be different for various equipment. As such only the guide lines for formulating this Appendix have been stated here. The information provided here flows from the SQR and must contain the following:

   (a) The purpose for which this equipment is needed or in broad outlines the capabilities that are needed. For example, in the case of WLR;

   “The WLR should be able to provide accurate location of enemy guns, mortars and rocket launchers (in all types of terrain) to enable own fire delivery means to engage them effectively. In addition it should also provide location of own shell burst to enable correction of fire.”

   (b) **Technical Parameters.** All technical parameters listed in the SQR in terms of size, weight, performance, operating environment, power, torque, preservation, utility life, storage, shelf life etc, should be specified. These Parameters may be divided into Essential Parameters-A, Essential Parameters-B (if applicable) and Enhanced Performance Parameters (if applicable) along with respective credit scores.

   (c) **Additional Features.** If any, should also be explained.

2. Based on above guidelines, this Appendix should be formulated very carefully for each type of equipment.

**Note:**

(i) For repeat order cases the reference of the earlier contract/supply order should be given.

(ii) The specifications/parameters of the equipment given here should be as per the approved GSQR/DPR/OR and no changes/amendments be done there to.
UNDERTAKING TO COMPLY WITH ESSENTIAL PARAMETERS-‘B’

1. The Bidder _________________________ (Name of the Company) hereby

   (a) Undertakes to develop and meet all the requirements of Essential Parameters B as given at Appendix ____ of RFP for the procurement case of __________________ issued on _________.

   (b) Undertakes to produce the equipment for trials of Essential Parameters ‘B’ within the specified time frame as stipulated in the contract.

   (c) Accepts that failure to meet the Essential Parameters B after signing of the contract and within the stipulated time frame, will lead to forfeiture of all bank guarantees (Performance Bank Guarantee, Additional Bank Guarantee and Advance Bank Guarantee) and attract other penal provisions as may be prescribed by the Govt.

*Note:* Failure to submit the undertaking along with the Technical Bid shall render the bid invalid and will be rejected.
Appendix B to Schedule I to Chapter II
(Refers to Para 1(b), 36 (b) & 37 of Schedule I)

COMPLIANCE TABLE

For _______ (Equipment name)

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Requirement as per the RFP</th>
<th>Compliance/Partial Compliance</th>
<th>Indicate references of Paras/Sub Paras of the Main Technical Document</th>
</tr>
</thead>
</table>

Technical Parameters as per Appendix A

- Essential Parameters ‘A’
- Essential Parameters ‘B’ (if applicable)
- Enhanced Performance Parameters (if applicable)

Commercial Parameters as per RFP

- Performance-cum-Warranty Bond as per Para ___ of RFP
- Advance Bank Guarantee Bond as per Para ___ of RFP
- Integrity Pact Bank Guarantee as per Para ___ of RFP (indicate amount of IPBG)

****
WARRANTY CLAUSE
(To be amended as per requirement and no blanks to be left)

1. The SELLER warrants that the goods/services supplied under this contract conform to technical specifications prescribed and shall perform according to the said Technical Specifications.

2. The SELLER warrants for a period of ___ months/years/operational hours from the date of acceptance of stores by Joint Receipt Inspection or date of installation and commissioning whichever is later/earlier (as applicable on case to case basis), that the goods/stores/services supplied under this contract and each component used in the manufacture thereof shall be free from all types of defects/failures (including latent and patent defects).

3. If within the period of warranty, the goods/services are reported by the BUYER to have failed to perform as per the specifications, the SELLER shall either replace or rectify the same free of charge, maximum within ___ days of notification of such defect by the BUYER provided that the goods are used and maintained by the BUYER as per instructions contained in the Operating Manual. Warranty of the equipment would be extended by such duration of downtime. Record of the downtime would be maintained by user in log book. Spares and all consumables required for warranty repairs shall be provided free of cost by SELLER. The SELLER also warrants that the special oils and lubricants required for the warranty repair of the equipment shall be provided by the SELLER himself. All activities including diagnosis, rectification, calibration, transportation etc, required for making equipment serviceable and available would be the SELLER's responsibility. The SELLER also undertakes to diagnose, test, adjust, calibrate and repair/replace the goods/equipment arising due to accidents by neglect or misuse by the operator or damage due to transportation of the goods during the warranty period, at the cost mutually agreed to between the BUYER and the SELLER. The SELLER shall intimate the assignable cause of the failures.

4. SELLER hereby warrants that necessary service and repair backup during the warranty period, including routine maintenance beyond Unit Level (delete if CAMC/AMC is not part of the contract), shall be provided by the SELLER and he will ensure that the cumulative downtime period for the equipment does not exceed ___ of the warranty period.

5. If a particular equipment/goods fails frequently and/or, the cumulative down time exceeds ___% of the warranty period or a common defect is noticed in more than ___% of the quantity of goods with respect to a particular item/component/sub-component, that complete item/equipment shall be replaced free of cost by the SELLER within a stipulated period of ___ days of receipt of the notification from the BUYER duly modified/upgraded through design improvement in all equipment supplied/yet to be supplied and ESP supplied/yet to be supplied.

6. SELLER shall associate technical personnel of maintenance agency and QA of
BUYER during warranty repair and shall provide complete details of defect, reasons and remedial actions for averting recurrence of such defects.

7. In case the complete delivery of the Engineering Support Package is delayed beyond the period stipulated in this contract, then the SELLER undertakes that the warranty period for the goods/stores shall be extended to that extent.

8. The SELLER warrants that the goods supplied will conform to the Temperature and Humidity conditions as mentioned at Appendix A to RFP.

Note: Wherever applicable the clause related to MTBF related warranties may be added as part of this Appendix).

****
TERMS AND CONDITIONS OF OFFSETS

1. The Procedure for implementing Offset provision given at Appendix D and relevant Annexures to Chapter II of DPP (available at www.mod.nic.in) will be followed. Terms and conditions for submission of technical and commercial offset offer are given in succeeding paras.

2. **Submission of Written Undertaking to Meet the Offset Obligation.** You are required to give a written undertaking to the effect that you will meet the offset obligation as laid down in the RFP. This undertaking in the format at Annexure I will be included in the envelope containing your technical offer which is to be submitted by ____ (specify the date). This undertaking is binding on you and that failure at any stage, on your part to meet the offset obligation specified in the RFP will disqualify you from any further participation in the contract and render your offer as null and void.

3. **Submission of Technical and Commercial Offset Offers.**
   
   (a) The Technical and Commercial offset offers would have to be submitted by ____ (12 weeks from the date of submission of the technical and commercial offers of the main proposal). **Exact date as calculated and given in the RFP or intimated later by the Technical Managers will be binding.** These offset offers would have to be submitted together in two separate sealed covers to the Technical Manager at the following address:-

   ________________________________________________
   ________________________________________________
   ________________________________________________

   (b) The technical offset offer would contain details of the products, services and investment proposals indicating relative percentages, proposed Indian partners for offset investment and other relevant information in the format given at Annexure II. Details of Banked offset credits as discharged offset obligations will also be indicated. The commercial values of the offset proposals are not to be indicated in this technical offset offer.

   (c) The Commercial Offset Offer, format in Annexure III, will contain the detailed offer specifying the absolute amount of the offset with a breakup of the details, phasing, Indian partner and banked credits as discharged obligations.

   (d) The model formats at Annexure II and Annexure III may be amended by the vendor without however deviating from the mandatory offset requirements prescribed.

****
UNDERTAKING TO COMPLY WITH OFFSET OBLIGATIONS

1. The Bidder ________________ (name of the company) hereby

(a) Undertakes to fulfil the offset obligation as laid down in the Request For Proposals.

(b) Undertakes to ensure timely adherence to fulfilment of offset obligations.

(c) Accepts that any failure on the part of the Company to meet offset obligations will render disqualification from any further participation in the contract and render ibid offer as null and void.

(d) Undertakes to furnish technical details of offset obligations indicating products and services and corresponding Indian Industry partner(s) for the same when so required to by Ministry of Defence, Government of India, after being found to satisfy the SQRs.

(e) Undertakes to translate the detailed technical offset offer given at Para (iv) above into a business implementation plan now furnishing complete commercial details of investments, products and services, Indian Industry partners, amount, phases and time plan for the same in the form of a commercial offset offer as and when so required to by MoD, GoI.

****
FORMAT FOR SUBMITTING TECHNICAL OFFSET OFFER

1. The Bidder hereby offers the following offsets in compliance with the technical offset obligations in the RFP.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Eligible Offset Products/Services Being Offered</th>
<th>Avenue for discharge (quote sub Para of 3.1 of Appendix D to Chapter II)</th>
<th>Multiplier applicable (quote applicable Para)</th>
<th>Percentage of Total Offsets</th>
<th>IOP/Agency for discharge</th>
<th>Time Frame for Discharge of Offsets</th>
<th>Whether Related to Main Equipment Being Supplied (Yes/No)</th>
<th>Remarks</th>
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</tbody>
</table>

Note: Vendor to provide following along with technical offset offer:–

(i) **Undertaking that IOP is an eligible offset partner as per applicable guidelines.**

(ii) **Company profile of IOP/agency.**

(iii) **Details with quantities of the proposed offset.**

(iv) **Letter of IOP/agency confirming acceptance of the offset project in case of direct purchase or investment.**

(v) **In case banked offsets are planned to be utilised, their details certified by DOMW.**

(vi) **List of Tier-1 sub-contractors, if any, through whom offset obligations are proposed to be discharged, with percentage of discharge.**

(vii) **Proposals for Technology Acquisition by DRDO under Para 3.1(f) of Appendix D to Chapter II should be submitted separately in the format at Annexure IX to Appendix D to Chapter II.****
FORMAT FOR SUBMITTING COMMERCIAL OFFSET OFFER

1. The Bidder ------------ hereby offers the following offsets in compliance with the technical offset obligations in the RFP.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Eligible Offset Products /Services Offered</th>
<th>Avenue for Discharge (quote sub Para of 3.1)</th>
<th>Multiplier applicable (quote applicable Para)</th>
<th>Percentage of Total Offset</th>
<th>IOP/Agency for discharge</th>
<th>Time Frame for Discharge of Offsets</th>
<th>Whether Related to Main Equipment Being Supplied (Yes/No)</th>
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</tbody>
</table>

Note: Vendor to provide following along with commercial offset offer:-

(i) Undertaking that IOP is an eligible offset partner as per applicable guidelines.

(ii) Company profile of IOP/agency.

(iii) Details with values of the proposed offset, including details of Tier-1 subcontractors, if any.

(iv) Letter of IOP/agency confirming acceptance of the offset project in case of direct purchase or investment.

(v) In case banked offsets are planned to be utilised, their details certified by DOMW.

(vi) Value of investment “in kind” supported by documentary evidence.

(vii) Details of the business model for proposals relating to Para 3.1(c) and (d) of the offset guidelines at Appendix D to Chapter II should be indicated, as applicable.

2. This annexure will also be used by the vendor to submit proposals for banking of offsets (Para 2 of Annexure VII of Appendix D to Chapter II). In such cases Note (v) above will not be applicable.

****
INFORMATION PROFORMA
Engagement of Agent by Foreign Vendor
(Separate sheets to be filled in case of multiple Agents)

1. Procurement Case……………………………………………………………………

2. Has the vendor engaged/proposes to engage any Agent
   [Yes/No] :

3. If Yes, Details of Engaged Agent:
   Name of the Firm/Individual
   ……………………………………………………………………………………………
   Address
   ……………………………………………………………………………………………
   Registration No ………………………………………………………………………

4. Date of Engagement ………………………………………………………………

5. Period of Engagement ………………………………………………………………

6. Scope of Work and Responsibilities
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

7. Payment Details :-
   Payments made in last 12 months …………………………………………………
   Brief Terms of Payment……………………………………………………………………
   ……………………………………………………………………………………………

8. Any other details
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

9. Declaration. It is certified that the above information is true. Any change in
   the information, including termination of an Agent, will be intimated within two weeks
   of occurrence. Details of further payments will be intimated annually.

Place:
Date: (Authorised signatory)
Vendor Name and Address

****
Appendix F to Schedule I to Chapter II
(Refers to Para 33 of Chapter II and Para 24 of Schedule I)

(This paper lays out general guidelines. May be amended in consultation with production agency and other agencies involved to make it equipment specific)

TRANSFER OF TECHNOLOGY (TOT) (FOR SKD/CKD/IM KIT BASED)

1. **Preamble**

(a) ToT shall be provided to the designated Production Agency(s) (to be decided prior to issue of RFP). The key technologies for ToT should be identified prior to issue of RFP jointly by the designated production agency, Defence Research and Development Organisation and Ministry of Defence.

(b) Technology used shall be current, State-of-the-art as used in the contemporary systems. Critical technology aspects having bearing on ToT evaluation need to be specified on a case to case basis.

(c) The ToT shall be comprehensive, covering all aspects of design, manufacturing know-how and detailed technical information which will enable the Production Agency to manufacture, assemble, integrate, test, install and commission, use, repair, overhaul, support and maintain the license product from SKD/CKD/IM Kit. Design data shall include the details that are needed to give design disposition during production on deviation/concession; modify/uprade the license product and substitute parts and systems of the license product as required by the certifying agency and the production agency.

(d) The OEM is required to provide the latest version of Configuration Control Document which will provide detailed breakdown of the product structure in terms of lower level subsystems/assemblies/sub-assemblies/modules/detail parts/PCBs/wiring diagrams etc with their latest modification status. All updates during the term of the Agreement should be provided as and when issued free of cost. Consolidated list of updates during the year should be provided during the first quarter of the subsequent year.

(e) Vendor should submit an undertaking that he would provide and support complete ToT for phased manufacture to the buyer or his authorised Indian Organisation for the System and its sub-systems, modules, assemblies and detailed parts/components. Support will be provided for a minimum period of 20 years on long term basis after the last unit is produced under the present proposal.

(f) The vendor should provide total support and facilitate ToT of the sub-systems from his sub-vendors/OEMs if desired by the buyer.

(g) (To be included on as required basis) Vendor should submit an undertaking not
to exceed* budgetary price for the Transfer of Technology covering the following parameters:-

(i) License fee.

(ii) Documentation.

(iii) Technical Assistance.

(iv) Training.

(v) Materials.

(vi) Spares.

(vii) Tooling.

(viii) Special Tools.

(ix) Standard tools.

(x) Ground Support & Test Equipment.

(xi) Programme Management.

(xii) Special Infrastructure facilities deemed necessary to support the operations.

*Note: Above ‘not to exceed’ budgetary quotes are to be provided for both Licensed production and Repair/Overhaul separately. Vendor may note that this ‘not to exceed’ budgetary price will be used for commercial evaluation. Vendor selected after technical & commercial evaluation will enter into detailed contractual negotiations on various aspects of the Transfer of Technology to the buyer or his authorised Indian organisation based on the “Not to exceed” budgetary quotes.

(h) It is likely that some of the assemblies/sub-assemblies/modules/PCBs used in the realisation of higher level assemblies/sub-systems and systems are manufactured by the OEM’s vendors/sub-contractors either based on Engineering documentation provided by the OEM or developed by the OEM’s vendors/sub-contractors based on procurement specifications provided by the OEM. Further, as a result of multiplicity of technologies involved and for reasons for price competitiveness arising due to economies of scale, some of the items used in the manufacture of licensed product may be bought out by the OEM from vendors as ‘fully finished’ against the procurement specifications provided by him.

(j) Although, not desirable, some of the components/process specifically developed by the OEMs for use in the manufacture of licensed product may be classified by them as ‘Proprietary’ and not included within the scope of ToT offered to the Production Agency.
To bring in a fair comparison between the ToT offered by various OEMs as also to have a fair assessment of the depth of technology being transferred, OEMs are required to identify each item (system/sub-system/assembly/sub-assembly/module/detail parts/PCB etc) in the product structure under the following categories, as may be applicable and provide information on the relative price for each of the items in the product structure as percentage of product cost:-

(i) **Category -1.** Items, for which complete ToT, i.e., Engineering and Manufacturing documentation to enable the Production Agency carryout fabrication, assembly and test of the item from CKD/IM Kit level as the case may be, is being provided by the OEM, may be classified under the head “CToT”.

(ii) **Category -2.** Items which are manufactured by the OEM’s Subcontractors based on engineering documentation provided by the OEM and these Engineering Documentation are being provided by the OEM to the Production Agency, may also be classified under the head “CToT”.

(iii) **Category -3.**

(aa) Items in respect of which development and manufacture by the OEM has been subcontracted to its vendors/sub-contractors based on only the procurement specifications provided by him and the OEM is not in a position to provide any additional technical information to the Production Agency except the procurement drawings/specifications provided by him to his vendors/sub-contractors, may be classified under the head Single Vendor “Subcontract”. For the purpose of evaluating the depth of ToT, it will be presumed that the ToT in respect of these items for indigenous manufacture is not provided. OEM shall ensure authorisation to its vendors/sub-contractors to supply items, manufactured against OEM’s specifications to the Production Agency against its purchase orders.

(ab) However in such case, the OEM in collaboration with his vendor/subcontractor, is required to provide the Production Agency, maintenance Documentation, the recommended list of spares for repair and overhaul as may be applicable and maintenance training at the vendor’s/subcontractor’s premises, then such vendor items are may be classified under the head ‘Limited ToT for maintenance support’, i.e, “M-ToT”.

(iv) **Category-4.**

(aa) Items including catalogue/standard items sourced by the OEM against his procurement specifications as ‘Fully Finished’, may be classified as “Bought Out”. Evidently ToT for such items for indigenous manufacture will not be available and the OEM will be able to provide only the procurement drawings/specifications, sources of supply. OEM has to ensure the availability of such items or its equivalents during the life cycle of the product. However, in respect of
some of the selected items in this category, if the OEM, in collaboration with his vendor, is able to provide the Production Agency documentation for maintenance, recommended list of spares for repair and overhaul as may be applicable and maintenance training in the vendor’s premises, then such items may also be classified under the head ‘limited ToT for maintenance support’ i.e. “M-ToT”.

(ab) OEM shall ensure periodical review of obsolescence, study of the Bill of Items (BOIs) and provide a retrieval scheme for a minimum period of 15/20 years from the production of last unit under the present proposal.

(v) **Category -5.** Some of the items for which the ownership of Design and Manufacturing Documentation is available with the OEM, but the OEM is not willing to transfer the technology to the Production Agency may be classified under the head ‘Proprietary’ items. The list of such items shall be far and few and generally restricted to components/processes specifically developed by the OEM for the licensed product. No item in the product structure which is critical either from the technology point of view or from the point of view of significant value addition or which constitutes a significant relative percentage of the product cost (say > 10%), will be acceptable under the head “Proprietary items”. Further, at any stage during the life cycle of the Product, if the OEM intends to discontinue the production of Proprietary items, the complete technical documentation in respect of these items available with the OEM or his subcontractors will be passed on to the Production Agency to enable indigenous manufacture or establish alternative routes of meeting the requirement. Also, a base price for such items with an escalation formula for future supplies shall be given for slab quantities by OEM.

(l) The OEMs have to ensure that the depth of Technology being transferred shall enable the Production Agency achieve value addition commensurate with a minimum 30% of the relative cost of the licensed Product through indigenous manufacture in case of CKD kit based ToT and a minimum of 60% of the relative cost of the licensed product through indigenous manufacture in case of IM Kit based ToT (Percentage of indigenous value addition may vary based on the product).

(m) No single sub-system/assembly/sub-assembly, which constitutes more than 10% of the cost of Licensed product, shall be without ToT option to the Production Agency. In case, such a sub-system/assembly belongs to the ‘bought out’ category, then the OEM as a prime bidder of the licensed product shall bid in consortium with the concerned vendors with separate ToT proposal for which items included in the bid directly from the relevant vendor. The bid for supplied/ToT in such a case shall be evaluated as an integrated composite proposal.

(n) OEM shall assist the production agency and take the lead to obtain maintenance related ToT to the maximum extent possible in respect of items covered under category 3 and 4, from his vendor/sub-contractors.
2. **Evaluation of ToT**

**For CKD Kit based ToT**

(a) The vendor not offering the key specified technologies for ToT for categories 1 and 2 and maintenance technologies for category 3 (Single source vendor assemblies) will not be eligible for further evaluation.

(b) In the technical bid, the depth of ToT being provided will be evaluated for comparison purpose as given below:-

(i) Relative Percentage of cost of Category 1 items (individual & composite) Not less than 60% after excluding the corresponding CKD kit cost resulting in value addition of not less than 30%

(ii) Relative Percentage of cost of Category 2 items (individual & composite) Not more than 25%

(iii) Relative Percentage of cost of Category 3 items (individual & composite) Not more than 15%

(c) Total %age of (i) to (v) should be 100%.

(d) Bids of Vendors with relative percentage of cost of items manufactured indigenously based on ToT minus CKD Kit cost being higher than the minimum specified 30% during the IM Phase will only be considered further for commercial evaluation. (minimum specified percentage may vary based on the product).

**For IM Kit based ToT**

(a) The vendor not offering the key specified technologies for ToT for categories 1 and 2 and maintenance technologies for category 3 (Single source vendor assemblies) will not be eligible for further evaluation.

(b) In the technical bid, the depth of ToT being provided will be evaluated for comparison purpose as given below:

(i) Relative Percentage of cost of Category 1 items (individual & composite) Not less than 60% after excluding the corresponding CKD kit cost resulting in value addition of not less than 30%

(ii) Relative Percentage of cost of Category 2 items (individual & composite)
(iii) Relative Percentage of cost of Category 3 items (individual & composite) Not more than 25%

(iv) Relative Percentage of cost of Category 4 items (individual & composite) Not more than 25%

(v) Relative Percentage of cost of Category 5 items (individual & composite) Not more than 15%

(c) Total % age of (i) to (v) should be 100%.

(d) Bids of Vendors with relative percentage of cost of items manufactured indigenously based on ToT being higher than the minimum specified 60% during the IM Phase will only be considered further for commercial evaluation. (Minimum specified percentage may vary based on the product).

3. **Phased Manufacturing Programme.**

(a) Based on the phased ToT absorption planned by production agency, quantity _____ will be supplied as Fully Finished during Phase-0, quantity _____ as SKD Kit during Phase1, quantity ______ as CKD Kit during Phase-2 and quantity as IM Kit during Phase3, as the case may be. Illustrative phase definitions are given below:

(i) **Phase-0.** Shall be based on supply of Fully Formed and tested product by the OEM.

(ii) **Phase-1.** Shall be based on supply of Semi Knocked Down (SKD) Kits provided by the OEM. The Semi Knocked Down Kit will consist of subsystems, assemblies, sub-assemblies, modules etc assembled and tested by the OEM and/or his vendors/sub-contractors. The Production Agency will perform the final level assembly and testing of the product.

(iii) **Phase-2.** Shall be based on supply of Completely Knocked Down (CKD) Kits provided by the OEM in the form of unassembled Bill of Materials. CKD Kit may include certain components/sub-assemblies commercially available “Off The Shelf” (COTS) from multiple vendors as fully finished items. Production Agency will carry out assembly and test of individual PCBs/Modules/Subassemblies/Assemblies/Sub-systems etc from component level and then carry out final assembly and testing of the product.

(iv) **Phase-3.** Shall be based on supply of proprietary items (IM Kit) by the OEM. Production Agency will perform procurement of all the components/raw materials and carry out complete fabrication, assembly and testing of the product from raw-materials/component stage through various stages of manufacture. (Phase 3 applicable only for IM Kit based ToT).

(b) The time frame for completion of supplies by the OEM for various phases of
manufacturing is provided at Annexure 1. Conformance of the vendor to the time schedule provided in Annexure 1 will be one of the important Evaluation Criteria and the bids of OEM’s not meeting the time schedules are liable to be rejected.

(c) OEM shall provide complete configuration of SKD, CKD and IM Kits, as the case may be, to the Production Agency to realise the Fully Finished Product. CKD Kits required to meet the spares requirement may be furnished separately. The OEM shall also provide estimated man-hours required for various stages of fabrication, assembly and test to realise the Licensed Product from SKD Kit during Phase-1, CKD kit during Phase-2 and IM kit during Phase-3. Based on experience in his plant supplier shall also provide “Production Mortality” of SKD/CKD/IM kit parts required for realisation of final finished product.

(d) OEM shall permit the production agency to sub-contract components/assemblies to sub-contractors of Production Agency. ToT shall be such that the production agency is able to procure components/sub-assemblies/test equipment directly from OEM’s Sub-contractors/ Vendors.

4. **Itemised Price List (IPL).** The OEM shall provide Itemised parts list in the Technical Bid and itemised price list (IPL) totaling to end product unit cost in Commercial Bid. Man-hours required during various phases of manufacture to realise the fully finished product shall also be provided. The prices of components, fabricated parts, standard items, bought out items, proprietary items as may be relevant shall be provided for various phases of manufacturing programme. The list shall include the source of supply of components, standard items, BOIs and the ToT shall include authorisation to production agency to procure these items directly from the sources without going through OEM. (While this information may be possible for less complex products, it may not be possible if the itemised price list is very voluminous, e.g., aircraft to be manufactured under ToT. Therefore this Para of the draft procedure may have to be suitably modified on a case to case basis).

5. **Supply of Documentation.**

   (a) The ToT Documentation to be provided by the OEM shall be in English language and include documentation under the following heads:- (In case of procurement from Russian or other foreign vendors, they may be asked to quote translation charges separately to enable the production agencies to decide whether to undertake the translation themselves or to seek the English version of the documentation from the vendor).

   (i) Engineering documentation

   (ii) Software documentation and Firm ware support manual for embedded software including source code.

   (iii) Manufacturing documentation.

   (iv) Test documentation.

   (v) Technical Manuals.

   (vi) General documentation including Company standards, National and
International standards and specifications

(vii) Additional documentation for repairs centre.

(viii) Illustrated parts catalogue.

(ix) Design data- stress, fatigue, performance, qualification, environmental test, life (calendar/total/overhaul), where applicable.

(x) Source identification for BOIs and subcontracted items; standard parts, consumables etc.

(xi) Spares parts lists and price catalogue for Operator (O), Intermediate (I) and Depot (D) level maintenances.

(xii) Recertification/requalification test plan, series test, special category test due to change in venue of manufacture, where applicable.

(xiii) “Red band” units, calibration stands where applicable.

(xiv) Quality procedures, plans, ESS, Special tests during production other than ATP.

(xv) Data on reliability-FMECA, MTBF, MTBO, MTBUR, MTBR.

(b) The details/definition of Documentation to be provided by the OEM under the above heads is enclosed at Annexure II.

(c) The OEM is required to furnish ‘Compliance Statement’ in respect of each type of detailed documentation requirement listed at Annexure II. Non-compliance by the OEM against any of the documentation requirements depending upon its criticality will have an adverse bearing in the evaluation of ToT proposal.

(d) The documentation to be supplied by the OEM shall be that which is used by the OEM or its sub contractors for the purpose of manufacturing, assembly and testing of the licensed product in their plant. The OEM will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the Production Agency for manufacturing, assembling, testing, installation and commissioning, maintenance and overhaul of the licensed product in his plant. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant Military (MIL) Specifications or as mutually agreed with the User’s Certification Agency.

(e) Documentation as detailed in Annexure II to enable the Production Agency procure, manufacture, operate and maintain the SMTs, STEs, Tools, Jigs and Fixtures required for the FF/SKD/CKD/IM kits manufacturing phase, shall be provided. Wherever software is used, details of the software as per documentation listed at Annexure II including Source Code and Firmware Support Manual shall be provided.
(f) The OEM shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the product being offered.

6. **Product Upgrades.** Technical data including relevant Documentation update in respect of any modifications/improvements/upgrades undertaken by the OEM in the licensed product during the entire life cycle of the product/license Agreement shall be provided to the Production Agency at no additional cost during the entire life cycle of the product.

7. **Training**

(a) As part of ToT, Industrial Training required by the Production Agency to realise the Fully Finished Product from SKD, CKD and IM kits, as the case may be, during various manufacturing phases and for providing component level maintenance support to the Customer shall be provided by the OEM. The Industrial Training shall be in English language, comprehensive, covering all aspects of design, manufacture, software, installation and commissioning, system integration and checkout and component level maintenance of the product down to sub-assembly, modules and PCB level. Apart from classroom training covering the critical aspects, due emphasis will be given to on-the-job training.

(b) All aspects of software are to be comprehensively covered during the software training module with a view to enable Production Agency’s software engineers undergoing training to acquire skills in the use, maintenance and update of the software.

(c) Industrial Training shall be in OEM’s plants and/or in the plants of its subcontractors, associates, principals and subsidiaries as the case may be. OEM shall ensure that such training is organised at the time when OEM has the product under production in its plant or in the plant of its vendors.

(d) OEM shall provide complete details of Industrial Training programme, which will include scope, location, number of trainees and the duration for each phase of training in terms of instructor man weeks. Such Industrial Training programme shall be mutually agreed upon between OEM and Production Agency.

(e) Details of the training shall be sub divided into batches with the date of start for each batch, duration of training etc, as will be agreed upon by OEM and Production Agency subject to overall training schedule. Operation and Maintenance training for end user shall also be provided.

(f) Details of Industrial and User Training Programme recommended by the OEM shall be provided as an annexure to the technical proposal. OEM shall provide details regarding the training aids and simulators required at the production agency and at user locations. Long term training of production agencies at the design departments of OEMs shall also be included to give a complete exposure to them on design practices of OEM. This will help in design liaison support including upgrade Modifications/Troubleshooting/Concessions during the entire life cycle of the product.
8. **Technical Assistance.** As part of ToT, OEM shall provide requisite technical assistance to the production agency during the phased manufacturing programme of the product in India. The details of such technical assistance considered necessary by the OEM shall be provided as an annexure to the technical proposal. The total technical assistance package shall be in number of man weeks spread over number of missions. OEM shall provide question/answer service and modification advices during the life cycle of the product at no additional cost.

9. **Special Maintenance Tools (SMTs) and Special Test Equipment (STEs).**

   (a) OEM shall provide complete technical data of the SMTs and STEs used in the production, assembly, test and maintenance of product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs. Details on manufacturing hours and cost details are to be provided.

   (b) Details of special category test (recertification, production series testing) along with test Rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code and Firmware Support Manual for embedded software shall be provided.

   (c) OEM shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the OEM.

10. **Consumables.** List of consumables required for the manufacture/maintenance of product along with cost, source details and life data shall be provided.

11. **Special Technologies/Processes.** The OEM shall mention in the ToT proposal about special technologies and special coatings and treating processes along with details of plant and machinery/running cost etc vis-à-vis specific components/assemblies.

12. **Product Support.** OEM shall ensure that the product support including supply of spares and management of obsolescence for a minimum of 20 years from the time the last unit is produced under the present proposal, shall be available to the production agency/its customer. OEM shall also provide a proposal for transferring the complete product support to the production agency in a phased manner.

13. **Commercial Proposal.** The commercial proposal should be submitted in a separate sealed cover.

14. **Transfer of Technology (ToT).** OEM shall provide commercial offer for providing complete Know-How and documentation for the manufacturing of product from SKD, CKD Kits and IM phase, as the case may be, Industrial Training and Technical Assistance and the required rights, licenses and authorisation to manufacture, use and sell the product. For the Industrial Training and Technical Assistance phase, man week rate for providing training/technical assistance in OEM’s own plant(s) or in India may be separately provided.

15. **Supplies**

   (a) **FF, SKD, CKD and IM Kits.** OEM shall provide itemised price list for
supply of FF, SKD, CKD and IM Kits, as the case may be, inclusive of the production mortality used by the OEM during manufacture of product in its plants. Itemised price break-up up to component level is to be provided at the time of signing of the Technical Collaboration Agreement (TCA).

(b) **SMTs, STEs, Tools, Jigs and Fixtures.** OEM shall also provide complete list with itemised prices for SMTs, STEs, Tools, Jigs and Fixtures required for the SKD, CKD and IM manufacturing phase, as the case may be. In case of Tools, Jigs & Fixtures where large quantities are involved, category-wise prices may be provided. OEM shall also provide prices for ‘O’ level, ‘I’ level and ‘D’ level maintenance facilities of PRODUCT by the User/Customer.

(c) **Bought Out/Outsourced/Subcontracted Items.** OEM shall provide the complete list of items, which are bought out/outsourced/subcontracted for use in the manufacture of PRODUCT along with itemised prices and details of the sources for procurement. Authorisation for direct procurement by the production agency from these sources shall be given so that no development cost or NRE charges are incurred. In case where suggested sources decline to supply the components/materials, OEM shall take responsibility for supply of same or suggest alternate sources for the procurement of suitable equivalent components/materials during the term of the agreement.

(d) **Life-Cycle Cost.** OEM shall provide the estimated LIFE-CYCLE COST of the product and the basis thereof. Factors such as operational hours/year, MTBF, requirement of maintenance spares, mandatory replacements during preventive maintenance schedules etc may be considered for arriving at life cycle cost.

(e) **Spares.** The OEM shall provide itemised price list of spares required as per three levels of maintenance of PRODUCT as follows:-

(i) ‘O’ level: _________set per ________{product} (total _________{product} sets) at field units:

(ii) ‘I’ level: ________set each for a group of ______{product} (_______sets for _______ {product}) at Intermediate level of maintenance; and

(iii) ‘D’ level: __________ set for _________ {product} at Depot level maintenance.

16. **Payment Terms.** OEM shall provide the terms of payment for all supplies including ToT forming part of its commercial proposal. Specimen Format for Providing Prices is at Annexure III. (needs to be formulated by the OEM for specific products based on identified milestones).

17. **Delivery Schedule.** OEM shall provide complete schedule for transfer of documentation, providing of Industrial Training and Technical Assistance, supply FF, SKD, CKD and IM Kits, as the case may be, Spares, SMTs, STEs, Tools, Jigs and Fixtures to match the overall delivery requirement for manufacture and supply of FF product by the Production Agency. The Documentation for a specific phase shall be provided one month prior to the commencement of training for that phase to enable the trainees study
documentation prior to the training. Specimen format for providing delivery schedule is at Annexure I.

18. **Liquidated Damages.** OEM shall undertake to complete its obligations in accordance with the contractual delivery schedule. For delay in delivery of FF, SKD, CKD and IM Kits, as the case may be, Spares, SMTs and STEs and delays in the implementation of PMP caused by or attributable to the OEM, the Production agency shall be entitled to claim liquidated damages.

19. **Warranty.**

   (a) **Documentation.** OEM shall warrant that the documentation supplied shall be identical, complete and of equal quality as the documentation used by him in its own activities and shall be accurate and complete for manufacturing, assembling, integrating and testing of the product and shall provide updates including modifications/improvements during the life cycle of the product/tenure of the License Agreement.

   (b) **Material/Equipment/Kit Supply.** Items supplied should be free from any defects arising from faulty material, design or workmanship and should be guaranteed for quality/satisfactory performance for a period of minimum 24 calendar months from the date when the stores are delivered to Production Agency. During this warranty period, defects arising from faulty material, design or workmanship, shall be remedied by OEM at his own cost. If it becomes necessary, the OEM should replace any defective portion of the goods or replace the material/equipment as a whole without any additional cost to production Agency.

   (c) All supplied software should be verified & validated by OEM for use of the designated Production Agency.

20. **Infringement.** OEM shall indemnify and protect at its own cost, the production agency in respect of cost/claims/legal claims/liabilities arising from third party claim with regard to the existence of any patent or intellectual & industrial property right of any such parties in India or from other countries.

21. **Performance Guarantee.** OEM shall guarantee the performance of the product to design specifications at the production agency/end customer locations.

22. **Validity.** The proposal will be kept valid for acceptance for a minimum period of 18 months from the date of submission.

23. **Technical Collaboration Agreement (TCA).** After the CNC is concluded, the OEM shall enter into a detailed Technical Collaboration Agreement (TCA) with Production Agency incorporating mutually agreed terms and conditions.

24. **Offsets.** The vendor should agree to provide an offset as per the details given in the RFP.

25. **Global Rights.** OEM shall clearly indicate the extent of global rights of sales, which they would be willing to offer to the Indian production agency.
**SPECIMEN FORMAT FOR PROVIDING DELIVERY SCHEDULE**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Qty</th>
<th>Month after effective date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Documentation Transfer in lots for each phase*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Training including Final assembly of SKD/CKD/IMs to FF for each phase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Operation and maintenance course training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Test equipment delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>First system FAT and Delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Spare Parts delivery (“O” level spares)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Spare Parts delivery (“I” level spares)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Spare Parts delivery (“D” level spares)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Test equipment delivery for SKD and CKDs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>SKD Kits delivery (_____kits per month)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>CKD Kits delivery (_____kits per month)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>IM Kits delivery **(_____kits per month)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Documentation for each phase shall be supplied one month prior to start of training of that phase.

** Applicable for IM Kit based ToT.

****
Annexure II to Appendix F
(Refers toPara 5(b), (c) & (e) of Appendix F)

**DOCUMENTATION DETAILS TO BE PROVIDED BY OEM**

1. **Engineering Documentation**

   (a) Structure Breakdown list

   (b) Part List.

   (c) Part Electrical Lists.

   (d) Part Drawings.

   (e) Assembly drawings.

   (f) Cable looking diagram including its part list, connectors and end preparation details.

   (g) Configuration Control Document.

   (h) Stress Reports (static/fatigue), performance reports, type test Schedule/records, type test certificate.

   (j) For Coils and Transformer: winding details, mechanical drawing, purchased parts specification, details of special processes, moulding tools etc.

   (k) Drawings of castings/forgings with material details, vendor information, heat treatment details.

   (l) Details of vendor items specifically developed by the OEM for the Licensed Product.

   (m) For PCB Cards: Schematics, general assembly drawings, assembly instructions, SMD location processing files including CAE/CAM files.

   (n) Engineering change proposals covering details of modifications.

   (o) Wiring List and details including schematics of sub-assembly/modules/drawers/racks.

   (p) List of components where trace-ability records are important.

   (q) Details of environment tests carried out on equipment and its sub-systems.

   (r) With respect to FPGAs the following details are required: ACTEL or SRAM (depending on the manufacture) design files and the complete schematic with i/o details- in the form of a timing diagram of .sim files.
(s) * Bill of materials and Ordering Specifications with Vendors addresses including OEMs specifying MIL grade details.

(t) *Details of non-MIL grade components and their screening procedures.

(u) *Full technical details of ASICS and Hybrid Micro-circuits including manufacturing documents.

(v) *Full technical details of proprietary items, if any (including manufacturing documents).

(w) *Material data sheets-chemical composition/mechanical-properties -for all metallic/non-metallic materials/consumables.

2. **Software Documentation.**  
   (As per IEEE 12207/MIL-STD-498/DO178B)

   (a) Software Requirement Specification.

   (b) Interface design document.

   (c) Software change proposals.

   (d) Firmware support manual for embedded software.

   (e) Software environment/tools including third party proc elements.

   (f) Software test procedure.

   (g) Software User Manual.

   (h) Software installation procedure including user settings of pass words, site specific data and any customisation code/key or encryption.

   (j) IV & V details (independent verification & validation).

3. **Manufacturing Documentation.**

   (a) Details of B/FPGA programming and testing with co-ordinate detail for placement. Programming file (fuse file in the standard format), programming platform configuration-tools and associated version control document, verification document with check sum details.

   (b) Process Sheets including details of special processes and finishes as may be applicable.

   (c) Complete set of drawings for tooling, jigs and fixtures as may be applicable.

   (d) Photographs of wiring harness/bundling level.

   (e) List of shop consumables with details of specifications; source of procurements, data on shelf life.
4. Test Documentation.

(a) Factory Test specification, procedure and acceptance test specification, procedure for PCBs, modules and equipment with detailed instructions on test set up, user of test and/or simulation equipment and software, execution of test with recording of results.

(b) Complete set of drawings for manufacture of test jigs including ATE fixtures, programmes as applicable.

(c) Complete set of drawings for special to test equipment. This will include manufacturing details as well as software documents.

(d) Special category test details (recertification, production series testing, quality assurance testing.

(e) ‘Red band’ units, calibration procedures for test rigs/equipment.

5. Technical Manuals.

(a) User handbook detailing operational use of equipment.

(b) Installation and commissioning manual

(c) Technical description of PCB, Modules, drawers, racks, etc., with details of block diagram, schematic general assembly drawing, timing details, PROM etc. schematic general assembly drawing, timing details, PROM etc.

(d) Maintenance Manual covering.

(e) Permissible worn-out dimension limits, acceptance test procedure and
Acceptance limits of overhauled product.

(f) Repair/salvage schemes, mandatory replacement parts.

(g) Periodic maintenance.

(h) Trouble shooting and fault diagnosis manual. Testing and repair procedure for faulty PCBs up to component level and peripheral equipment received from the customer.

(j) Structural breakdown list for complete equipment.

(k) Recommended Spares List, site supply and depot stocking.

(l) The Maintenance Manual shall cover the product for which the file of drawings/documents is given as well as all vendor items which are part of Licensed Product.

(m) Overhauling manuals including details, tests, adjustment, calibration tuning etc., for all levels of equipment.

6. **General Documentation (including Standards and Specifications).**

(a) Standard inspection method (inward goods in-process and final acceptance).

(b) Process standards/procedures.

(c) Workmanship standards/procedures.

(d) Quality standards/procedures including incoming inspection procedures, quality manuals.

(e) General procedures as may be applicable.

(f) Qualified Vendor Lists as may be applicable.

(g) Standard tools, jigs and fixtures as may be applicable.

(h) Company standards.

(j) ISO 9001 certification of OEM, vendors & subcontractors/ISO 14000 certification.

(k) Material/component and product standards including general fasteners and consumables.

7. **Additional Documentation.** Repair center documents including details of Test Instruments, jigs, fixtures etc., for the End User.

8. Documentation shall be provided in the form of hard copy, in microfilm/microfisch and magnetic media, including that required for making copies of technical manuals as specified
by the customer. Documentation shall be provided in English Language.

* Applicable for IM Kit based ToT.
Annexure III to Appendix F
(Refers to Para 16 of Appendix F)

**SPECIMEN FORMATS FOR PROVIDING PRICE INFORMATION**

<table>
<thead>
<tr>
<th>S No.</th>
<th>Item</th>
<th>Price</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Payment shall be subject to deduction of taxes in India as per Double Taxation Avoidance Agreement in accordance with the following schedule (depending on the product, various stages of payments should be included without indicating the quantum of payment) :-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1. Stage 1.--</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Stage 2.--</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Stage 3.--</td>
</tr>
<tr>
<td>1</td>
<td><strong>Know-how and documentation</strong></td>
<td>USD_____</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Training</strong> (a) Industrial Training covering all aspects for ToT at OEM’s facility.</td>
<td>USD *Instructor man day/week rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) **FF Phase **working days/week</td>
<td></td>
<td>Upto ___ trainees Max.</td>
</tr>
<tr>
<td></td>
<td>(ii) **SKD Phase **working days/week</td>
<td></td>
<td>Upto ___ trainees Max.</td>
</tr>
<tr>
<td></td>
<td>(iii) **CKD Phase **working days/week</td>
<td></td>
<td>Upto ___ trainees Max.</td>
</tr>
<tr>
<td></td>
<td>(iv) **IM Phase **working days/week#</td>
<td></td>
<td>Upto ___ trainees Max.</td>
</tr>
<tr>
<td></td>
<td>(v) Training on design liaison, design practices, design disposition on concessions/ deviation.</td>
<td></td>
<td>Upto ___ trainees Max.</td>
</tr>
<tr>
<td></td>
<td>(b) <strong>Operational/Field Maintenance Training</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) <strong>working days/week in</strong></td>
<td></td>
<td>Upto ___ trainees and ____ Customer trainees Max.</td>
</tr>
</tbody>
</table>
(ii) __ working days/week in India

<table>
<thead>
<tr>
<th>3</th>
<th>Technical Assistance in OEM’s Plant to be availed as required</th>
<th>USD _____</th>
<th>Maximum No. of man weeks ____ spread over No. of mission</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>* (Man day/ week rate)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>

* Minimum mandatory Training and Technical Assistance, which can be provided at no additional cost to be indicated.
# Applicable for IM Kit based ToT.

## COST OF FF, SKD, CKD AND IM KITS, AS THE CASE MAY BE, SPARES AND SMTs/STEs

<table>
<thead>
<tr>
<th>S. No</th>
<th>Item</th>
<th>Unit Price in USD</th>
<th>Qty</th>
<th>Total Price in USD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>System</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Fully Finished System</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) SKD Kits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) CKD Kits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) IM Kits#</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td><strong>Spares</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) ‘O’ Level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) ‘I’ Level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) ‘D’ Level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td><strong>SMTs/STEs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Test Jigs/Software for ‘O’ level maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Test Jigs/ Software for ‘I’ level maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) Test Jigs/Software for ‘D’ level maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) Test Jigs and software for manufacture under ToT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Excluding Standard Test Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Itemised SKD Kit Price

<table>
<thead>
<tr>
<th>Part No</th>
<th>Description</th>
<th>Qty</th>
<th>Price in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Itemised CKD Kit Price

<table>
<thead>
<tr>
<th>Part No</th>
<th>Description</th>
<th>Qty</th>
<th>Price in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## LIST OF SPECIAL MAINTENANCE TOOLS (SMTs) AND SPECIAL TEST EQUIPMENT (STEs)

<table>
<thead>
<tr>
<th>Part no.</th>
<th>Description</th>
<th>Model</th>
<th>Mfr.</th>
<th>Qty</th>
<th>Price In usd</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) SMTs and STEs required for Maintenance

(b) ToT Test Equipment

## LIST OF SINGLE SOURCE VENDOR ASSEMBLIES/COMPONENTS AND PROPREITARY ITEMS

### Components

<table>
<thead>
<tr>
<th>Components</th>
<th>P/N</th>
<th>Price in USD</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) SMTs and STEs required for Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) ToT Test Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## SPARES

(a) ‘O’ Level Spares Parts Lists (Set Per)

<table>
<thead>
<tr>
<th>No.</th>
<th>Item Description</th>
<th>Qty per set</th>
<th>Item Price in USD</th>
<th>Total Price in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(b) ‘I’ Level Spares Parts Lists (Set Per)

<table>
<thead>
<tr>
<th>No.</th>
<th>Item Description</th>
<th>Qty. per set</th>
<th>Item Price in USD</th>
<th>Total Price in USD</th>
</tr>
</thead>
</table>

Total

(c) ‘D’ Level Spares Parts Lists (Set Per)

<table>
<thead>
<tr>
<th>No.</th>
<th>Item Description</th>
<th>Qty. per set</th>
<th>Item Price in USD</th>
<th>Total Price in USD</th>
</tr>
</thead>
</table>

Total

****
GUIDELINES AND CONDITIONS FOR ESTABLISHING MAINTENANCE INFRASTRUCTURE WITH AN INDIAN FIRM

**Note**: These guidelines and conditions are indicative. These may vary as per the type of service/equipment and the intended requirements. SHQ concerned may amend these as per their requirement. No blanks to be left.

1. The Govt of India, Ministry of Defence is desirous that the depot level maintenance (third line) and the life time support for the __________ (generic name of the equipment) be carried out through an Indian private/public firm. (These firms would normally be DPSUs/OFB/Army Base Workshops/Naval dockyards/Naval Aircraft Yards/Base Repair Depots of Air Force or any other firm as recommended by SCAPCHC and approved by DPB/DAC).

2. **Scope of Maintenance**. It is desired that the Indian entity selected should be able to accomplish the following towards providing maintenance support for the life cycle of the equipment:
   
   (a) Carry out depot level repairs to include repair of major assemblies, sub assemblies and of the equipment.
   
   (b) Provision of spares for the unit level, field level and intermediate level repairs for the entire life cycle of the equipment. The scope of these repairs is elaborated subsequently. You are required to take into consideration these aspects while preparation of your maintenance plans. Initially the spares would be in the form of MRLS for a period of ____ years. The provision of spares subsequently would be through the identified Indian entity through a separate contract.

3. **Maintenance Infrastructure**. To enable the Indian entity to provide life time maintenance support in terms of spares and depot level, it is essential that the facilities, as given in the subsequent paras, are established/available in India at the premises of the selected Indian entity.

   **Note**: The following is just for the guidelines and would vary on case to case basis. The SHQ will have to work out the exact details prior to issuing out the RFP.

4. **General**

   (a) ToT shall be provided to the designated Maintenance Agency for “D” level maintenance of aircraft including:-

   (i) Airframe

   (ii) Engines

   (iii) Accessories (Equipments)
(b) Full ToT for the following systems for overhaul and repair is mandatory:

(i) Air Frame including metallic and composite structures, empennage,

(ii) Canopy, Radome, Special process, Casting & Forgings

(iii) Flight Control Systems including FBW hardware and software

(iv) Landing Gear system including all castings and forgings

(v) Electrical and Avionics systems including Cockpit display systems

(vi) Instruments, Communication and Navigation equipment, Power generation and distribution systems.

(vii) Power Plant System including FADEC, Engine accessories, Turbine, NGV and compressor blades

(viii) Hydraulic System including pumps, servo actuators along with its spool & sleeve

(ix) Wheels and brakes system

(x) Fuel System including in flight refuelling

(xi) Environment system including OBOX, Pneumatic system

(xii) Ejection Seat

(xiii) Weapon Systems Integration, hardware and software.

(c) The ToT shall be for “D” level maintenance to cover Airframe, Engines, Avionics and other aggregates. It shall be comprehensive and shall cover all aspects of maintenance up to the lowest level which will enable the Maintenance Agency to, repair, overhaul, support and maintain the license product. ToT shall include the details that are needed to give disposition during the maintenance on deviation/concession; modify/upgrade the license product and substitute parts and systems of the license product as required by the certifying agency and the maintenance agency.

(d) The OEM is required to provide the latest version of configuration control document which will provide detailed breakdown of the product structure in terms of lower level subsystems/assemblies/sub-assemblies/modules/detail parts/PCBs/wiring diagrams etc with their latest modification status.

(e) Vendor should submit an undertaking that he would provide & support complete ToT for maintenance to the buyer or his authorised Indian Organisation for the System and its subsystems, modules, assemblies and detailed parts/components.

(f) Vendor should submit an agreement that the buyer or his authorised Indian
organisation reserves the right to approach directly the OEMs of the Sub-Systems for similar ToT agreements and that as a Main Contractor he will be the nodal agency to provide total support and facilitate such ToT agreements.

5. **Documentation.**

(a) The ToT Documentation to be provided by the OEM shall be in English language in Electronic and hardcopy formats and include documentation under the following heads:- (If required vendors may quote translation charges separately to enable the production agencies to decide whether to undertake the translation themselves or to seek the English version of the documentation from the vendor).

(i) “D” level Maintenance documentation in ATA100/ATA iSpec 2200.

(ii) Engineering documentation including special process.

(iii) Software documentation including source code, build environment and utilities.

(iv) Details of Special tools and Test equipments, Jigs & Fixtures.

(v) OEM’s Standard Technical Manuals.

(vi) Illustrated parts catalogue with price list.

(vii) Source identification for BOIs and subcontracted items; standard parts consumables etc.

(viii) Mandatory spares replacement lists and price catalogue for O, I and D level maintenance.

(b) The OEM is required to furnish 'Compliance Statement’ in respect of each type of Documentation listed above. Non-Compliance by the OEM against any of the documentation requirements depending upon its criticality will have an adverse bearing in the evaluation of ToT proposal.

(c) The documentation to be supplied by the OEM shall be that which is used by the OEM or its sub contractors for the purpose of maintenance of the licensed product in their Plant. The OEM will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the maintenance agency for maintenance/overhaul of the licensed product in his plant. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant MIL Specs or as mutually agreed with the User’s Certification Agency. All the certification documents generated for obtaining certification in the country of origin to be supplied. Further, vendor should supply such documentation as may be required by the Indian Certification Authorities.

(d) The OEM shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the product being offered.
6. **Special Technologies/Processes.** The OEM shall mention in the ToT proposal about special technologies and special coatings and treating processes along with details of plant and machinery vis-à-vis specific components/assemblies. For identifying the augmentation needs to plant and machinery available with the production agency, if required vendor specialists shall visit production agency before submission of technical and commercial bid.

7. **Capital Investment.** OEM to provide their assessment of plant and machinery required including floor space required for the 3 levels of maintenance assuming that this project will be handled as an ab-initio green field project.

8. **Special Maintenance Tools (SMTs) and Special Test Equipment (STEs).**
   
   (a) OEM shall provide complete technical data of the SMTs and STEs used in the Maintenance of Product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs. Details on manufacturing hours are to be provided.

   (b) Details of special category test equipments along with test rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code shall be provided.

   (c) OEM shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the OEM.

   (d) OEM shall provide complete technical data of Ground handling and Ground support equipment used in the production assembly, test and maintenance of product. This information shall also include the data for manufacture and maintenance of the same. Details on manufacturing hours are to be provided.

9. **Standard Tooling and General Industrial Requirement.** OEM to provide list/Technical details of standard tooling and general industrial requirement for carrying out “D” maintenance.

10. **Training of Indian Engineers/Technicians.**
   
   (a) As part of ToT, industrial training required by the production agency to realise the fully finished product from SKD, CKD and IM kits and for providing component level maintenance support to the Customer shall be provided by the OEM. The Industrial Training shall be in English language, comprehensive, covering all aspects of “O”, ‘I and ‘D’ level maintenance of the product down to sub-assembly, modules and PCB level. Apart from classroom training covering the critical aspects, due emphasis will be given to on-the-job training.

   (b) All aspects of software including usage of source code, its build environment
and utilities, are to be comprehensively covered during the software training module with a view to enable maintenance agency’s software engineers undergoing training to acquire skills in the use, maintenance and update of the software.

(c) Industrial training shall be in OEM’s plants and/or in the plants of its subcontractors, associates, principals and subsidiaries as the case may be. OEM shall ensure that such training is organised at the time when OEM has the product under production in its plant or in the plant of its vendors.

(d) OEM shall provide complete details of industrial training programme which will include scope, location, number of trainees and the duration for each phase of training in terms of instructor man weeks. Such Industrial Training programme shall be mutually agreed upon between OEM and Maintenance Agency.

(e) Details of the training shall be sub divided into batches with the date of start for each batch, duration of training etc, as will be agreed upon by OEM and Maintenance Agency subject to over all training schedule.

(f) Details of industrial and user training programme recommended by the OEM shall be provided as an Annexure to the technical proposal. OEM shall provide details regarding the training aids and simulators required at the Maintenance agency and at user locations.

11. **Technical Assistance.** As part of ToT, OEM shall provide requisite technical assistance to the Maintenance Agency during the maintenance programme of the product in India. The details of such technical assistance considered necessary by the OEM shall be provided as an Annexure to the technical proposal. The total Technical Assistance package shall be in number of man weeks spread over number of missions. OEM shall provide question/answer service and modification advices during the life cycle of the product at no additional cost.

12. **Spare Parts list.** OEM based on their experience may provide the 10 off spares requirement for the 3 levels of maintenance separately. Spares which are to be mandatorily replaced during the 3 levels of maintenance should be identified and highlighted. For standard spares “NATO” codes may be provided against the respective spares.

13. **Raw Materials and Consumables.** OEM to provide list of raw material and consumables required during the 3 levels of maintenance programme.

14. **Delivery Schedule.** OEM shall provide complete schedule for transfer of documentation, providing of Training and Technical Assistance, supply of Spares, SMTs, STEs, Tools, Jigs and Fixtures ordered on OEM to match the overall maintenance programme. The documentation for a specific phase of training shall be provided one month prior to the commencement of training for that phase to enable the trainees study documentation prior to the training. Specimen format for providing delivery schedule is at Annexure 1.

15. **Life Cycle Cost.** OEM shall provide all the details like Operating cost, Maintenance cost, Overhaul cost, training cost etc per squadron of aircraft, required to estimate the Life cycle cost of the aircraft.
16. **Long Term Product Support.** OEM shall ensure that the product support including supply of spares and management of obsolescence for the life of the product (minimum 30 years from the date of delivery of the last aircraft by the production agency) shall be available to the Maintenance agency/its customer.

17. **Warranty.**

   (a) **Documentation.** OEM shall warrant that the documentation supplied shall be identical, complete and of equal quality as the documentation used by him in its own activities and shall be accurate and complete for the 3 levels of maintenance and shall provide updates including modifications/improvements during the life cycle of the product/tenure of the licence agreement.

   (b) **Material/Equipment/Kit Supply.** Items supplied should be free from any defects arising from faulty material, design or workmanship and should be guaranteed for quality/satisfactory performance for a period of minimum 12 calendar months/360 flying hours whichever is later, from the date when the stores are delivered to Production Agency. During this warranty period, defects arising from faulty material, design or workmanship, shall be remedied by OEM at his own cost. If it becomes necessary, the OEM should replace any defective portion of the goods or replace the material/equipment as a whole without any additional cost to Production Agency.

18. **Performance Guarantee.** OEM shall guarantee the performance of the product to design specifications at the production agency/end customer locations.

19. **Global Rights.** OEM should clearly indicate the extent of global rights which they would be willing to offer to the Indian production agency.

****
PRELIMINARY PROJECT REPORT (PPR)

1. This PPR would broadly cover the following aspects:
   
   (a) Project Overview
   (b) Definition of key milestones based on indicative list of milestones and broad range of timelines specified at Para 56 of RFP.
   (c) Broad plan for execution of the Project as per delivery schedule indicated at Para 10 of RFP.
   (d) Lifetime product support plan.
   (e) Plan for meeting the Indigenous Content (IC) stipulated in the RFP.
   (f) Standard of Preparation (SoP) of Platform/ equipment/ system.
   (g) Project organisation structure as applicable.
   (h) In case of ToTs for licensed production and MToT, information sought at Para 24, 25 and 39 (Appendix F and G), Indian sub-contractor for ToT/ manufacturing and the methodology for setting-up manufacturing infrastructure, shall be part of PPR.

2. **Project Overview.** The ‘Project Overview’ should define, organise and interlink the various project elements which are required to be established/ setup by the Bidder and his Indian Production Agency in order to manufacture and deliver the contracted products and services within the RFP specified timeframes.

3. **Definition of Key Milestones.** This Annexure should define the key milestones in the project implementation phase and the criterion for declaring accomplishment of these milestones. The key milestones would include creating necessary infrastructure and setting up of plant and machinery required to be set up at the Indian Production Agency facilities for license manufacture of _________ in India along with training of the Indian Production Agency personnel required for the purpose. These facilities need to be set up during the period commencing from To to To + ___ months to ensure delivery of the Indian made ____ from To + ___ months onwards.

4. **Program Schedule.** The ‘Program Schedule’ should give estimated start and end dates for each event with respect to the award of contract (T₀) thereby creating a calendar based schedule.

5. **Methodology for setting up of Manufacture Infrastructure.** The Methodology for setting up of Manufacture Infrastructure at the location of his Indian Production Agency should be brought out in this section covering the infrastructure and facilities required to be created, tooling, manufacturing/ test support equipment, configuration management, production review plan, material procurement chain, training and technical assistance etc. An indicative cost for plant and machinery required for the license manufacture with the requisite value addition also needs to be brought out in this section. The processes to achieve following milestones are to be clearly brought out in this section:-
6. **Indian Production Agency for ToT & Manufacturing.** If the Bidder has to select an Indian Production Agency as per the guidelines laid down in the RFP. The details of the Indian partner with regard to the per-qualification criteria should be provided in the PPR.

7. **Standard of Preparation (SoP).** Standard of Preparation (SoP) of the platform/equipment/system being offered must be defined in the PPR. This must include details of operational role-oriented equipment.

8. **Life Time Product Support Plan.** This document should bring out the Bidder’s plan to provide product support throughout the Total technical Life (TTL) of the platform/equipment/system including obsolescence management plan, mechanism to incorporate various Support Contracts in future for repairs, mechanism to work out cost spares etc. for all future procurements by applying pre-defined escalation methodologies etc.

9. **Project Organisation Structure.** This section should highlight the Bidder’s organisation structure for the project implementation and define the specific organisational elements within this structure that would interfere with the GoI, SHQ and other Indian Production Agency during the program execution.

10. **Any Other Issue That the Bidder Finds Relevant.** This section would include any issues that the Bidder finds relevant for the implementation of the ‘Make’ portion of the program.
CERTIFICATE: MALICIOUS CODE
(To be rendered on the Company Letter head)

1. This is to certify that the Hardware and the Software being offered, as part of the Contract, does not contain embedded malicious code that would activate procedures to:-

   (a) Inhibit the desired and designed function of the equipment.

   (b) Cause physical damage to the user or equipment during the exploitation.

   (c) Tap information resident or transient in the equipment/networks.

2. The firm will be considered to be in breach of the procurement contract, in case physical damage, loss of information or infringements related to copyright and Intellectual Property Rights (IPRs) are caused due to activation of any such malicious code in embedded software.

(Signed)

Designation/Name/Address of firm

Date:

Place:
REPAIR AND MAINTENANCE PHILOSOPHY

Note: The Repair and Maintenance Philosophy is only indicative and pertains to a particular service. SHQ concerned may amend this as per their requirement. No blanks to be left.

1. Maintenance Philosophy. Maintenance of the equipment is structured on three different levels. A level is defined by the means and resources used to carry out a specific maintenance/repair activity and by the environment in which this maintenance/repair is performed. Each level is defined by the type of maintenance actions, personnel, documentation and spares. The Repair philosophy followed by the Services can be categorised into ‘O’, ‘I’ & ‘D’ levels depending upon the technological complexity of the equipment. The levels of maintenance and repairs are as under:-

(a) ‘O’ Level. Includes Unit and Field Repairs (1st & 2nd Level).

(i) Unit Repairs. These are repairs carried out within the unit holding the equipment with tools generally held within the unit or supplied by the manufacturer with each equipment or as per scaling of 1:10 or any other scaling recommended by the manufacturer as per population held in the unit. These pertain to cleaning, lubrications, minor repairs and replacement of components and minor assemblies including Line Replaceable Units (LRUs) etc, that can be carried out within the unit without any sophisticated tools or test equipment. The manufacturer is required to provide the following for carrying out such repairs :-

(a) Table of Tools and Equipment (TOTE) with each equipment including operators manual.

(b) Scaling of Special Maintenance Tools (SMT), Special Test Equipment (STE) and Special Equipment (SE) as required.

(ii) Field Repairs. These are repairs carried out at the field/flotilla/station level or equivalent service organisation by technicians specially trained for this purpose and where the required special tools and spares have to be provided additionally for the class of the equipment. These repairs comprise replacement of common Line Replaceable Units (LRUs), sub-modules, other components beyond the holding of units and repairs undertaken beyond a unit level. Normally, a field/station workshop that carries out such repairs looks after a group of units holding the said class of equipment. The manufacturer in addition to the basic unit level SMTs/STEs/SE, is required to provide the following:-
(aa) Quantity and specification of spares up to sub-Module level, other replaceable components that need to be stocked for a specified population and class of the equipment.

(ab) Additional Special Maintenance Tools and Test Equipment that needs to be provided to each such field/flotilla/station work shop. (The total number of such facilities would be stated based on equipment deployment pattern to carry out total costing).

(b) ‘I’ Level. Includes 3rd level Intermediate Repairs by Corps Zone workshop/Dockyard/Base Repair Depot or other similar service organisation. These are extensive or special repairs carried out for equipment to reduce the down time and would include component level repairs. This level of repair envisages special diagnosis and repairs of the repairable inventory up to Printed Circuit Board (PCB) level, major assemblies, interface equipment/software and other components beyond the scope of field/flotilla/station level repairs. These repairs are carried out in the designated workshops by technicians specially trained for this purpose and where the required special tools and spares would be provided. The manufacturer is required, among others, to provide the following:-

(i) Quantity and specification of spares up to PCB level that need to be stocked for a population of the equipment.

(ii) Special Maintenance Tools and Test Equipment that has to be provided to each of these workshops. (The total number of such facilities would be stated based on equipment deployment pattern to carry out total costing).

(iii) Oils and lubricants necessary for Servicing.

(iv) All necessary technical literature.

(v) Calibration facilities for test equipment, where applicable.

(c) ‘D’ Level. Includes 4th level extensive Base overhauls, Depot level Repairs which are either routine and planned or necessitated due to major repairs/renewal requirements. Post such repairs, detailed trials are conducted usually by the overhauling agency, prior to handing over of the equipment to the unit for operational exploitation. This level of repair defines stripping and rebuilding of equipment in a Base workshop or any other designated workshop. Extensive repairs of components / sub-assemblies and overhaul of the complete equipment is carried out by this facility and due to the complexity requires specific technical knowledge, infrastructure, related documentation, experience and proper quality control. Depending on the population of the equipment, such facilities may be established in the country. For this, the manufacturer is required to provide the following:-

(i) All Special Maintenance Tools, jigs, fixtures and test equipment for carrying out repairs up to component / PCBs/ module level.

(ii) Complete refurbishment / repair of all equipment assemblies/ sub assemblies as per the population expected to be maintained. This level of
repair defines stripping and rebuilding of equipment in a Base workshop/Dockyard/Base Repair Depot.

(iii) Oils and lubricants necessary for overhaul.

(iv) All necessary technical literature.

(v) Calibration facilities for test equipment.

However, all levels may not be applicable to all types of equipment. As such the type of repair facility required for the equipment for which the RFP is being issued should be stated clearly by modifying the succeeding paras.

Manufacturer’s Recommended List of Spares (MRLS)

2. Based on the explanation given above, you are requested to provide MRLS to sustain the equipment for a period of ____ years for various levels of repair as per format given at Annexure I to this Appendix. You will be required to provide these both with Technical and Commercial proposals. *(In case where the equipment has been in usage, the spares would be sought by SHQ, on the recommended list to be furnished by the maintenance agency, based on the exploitation of the equipment and NOT as per MRLS.)*

3. The MRLS will need to be supported by Reliability & Maintainability (R&M) report for the proposed spares along with their Mean Time Between Failure (MTBF). If the complete equipment comprises a number of different sub systems, the MRLS would need to be provided separately for each such sub system. The Bidder is to be provide following:

(a) **Adequacy** Clause. The Bidder is to confirm that the range and depth of Accompanied Accessories/ User Replaceable Parts/Expendable, Spares and SMT/STE/Test Jigs being supplied are complete and adequate for carrying out repairs on the equipment up to the specified level. The Bidder shall also commit that any additional items, spares, tools and equipment needed for use, maintenance and repair will be supplied by the Bidder at prices and within a period as specified in the contract, on receipt of notification from the Buyer for the Life-Cycle Support period. The Bidder shall confirm that, if two different prices have been given for the same/similar item, then the lower price quoted will prevail. In case, the quoted accessories has several items viz, Sampling Accessory Kit and add up price of these items is higher than the quoted price of the accessory, then the price would be lowered / adjusted proportionately for the items.

(b) **Buy Back** Clause. The Buyer would have the option to amend the Manufacturer’s Recommended List of Spares (MRLS) proposed by the Seller within ____ years, post expiry of the warranty period. The Bidder needs to agree to either ‘Buy Back’ the spares rendered surplus or exchange them on ‘cost-to-cost’ basis with the spares, as required by the Buyer. The said spares would be purchased / replaced by the Seller, based on the prices negotiated in the contract. The ‘Buy Back’ clause would not be applicable for additional spares included by the Buyer in MRLS during FET and SE stage, as brought out at Para 34 of RFP.
4. **User Defined List of Spares (UDLS).** Cases where the equipment is already in use with the Service, the initial lot of spares being procured by the Buyer shall be based on User Defined List of Spares (UDLS), predicated on the exploitation of the equipment as well as on the recommended list furnished by the maintenance agency, rather than the MRLS.

5. The spares are required to be categorized in four categories as follows:

   (a) Manufactured by Bidder as OEM and can be sourced as per Part No.

   (b) Bought out items and customized by the OEM for the specific purpose and such customization would require OEM intervention.

   (c) Bought out from other OEMs/Third Party as specialised items and used without any customization. Such items can be sourced by quoting their Part No./Identification No. as given by OEM/Third Party and directly utilised.

   (d) General Engineering items/COTs which can be sourced by stating the relevant standards and item description.

6. While with the commercial proposal, the actual costs of each component/spare will be provided, in the case of Technical Proposal these will be reflected as Low Cost/Medium Cost/High Cost. A guideline for this purpose is as under:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low Cost.</strong></td>
<td>Less than 2% of the unit cost of the equipment/sub system.</td>
</tr>
<tr>
<td><strong>Medium Cost.</strong></td>
<td>2 to 10% of the unit cost of the equipment/sub system.</td>
</tr>
<tr>
<td><strong>High Cost.</strong></td>
<td>Greater than 10% of the unit cost of equipment/subsystem.</td>
</tr>
</tbody>
</table>

7. If the complete equipment comprises a number of different sub systems, for eg it is coming mounted on a vehicle or is provided with a stand for mounting or is inclusive of a generator or an air conditioner or has a sight, the MRLS must be provided separately for each such sub system.

**Special Maintenance Tools / Special Test Equipment and Test Jigs (SMTs/STEs/Test Jigs).**

8. SMTs/STEs and Test Jigs are essential tools /Jigs / fixtures that are required to undertake effective engineering support / repairs on the equipment and its systems, based on the repair philosophy as enunciated at Para 3 above. This are to be formulated in a similar manner as explained for MRLS and details are to be included in both Technical and Commercial Proposals. SMTs/STEs/Test Jigs will be provided by the Bidder, as per the list prepared by the Buyer on completion of MET, where applicable. The list of equipment required to be supplied will incorporate Adequacy Clause, as elaborated above.

**Technical Documentation.**

9. The Bidder will be required to provide the technical literature preferably in IETM (Interactive Electronic Training Manuals) in Level 4 format or higher. The details of
technical literature to be supplied with the system should be listed as per the suggested format at Annexure III to this Appendix. This should be provided with both Technical and Commercial Proposals. The cost column may be left blank in the Technical Proposal. An illustrated list of documents which may be submitted by the Seller is as under:-


(b) Technical Manuals.

(i) Part I. Tech description, specifications, functioning of various systems.

(ii) Part II. Inspection/Maintenance tasks repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STEs).

(iii) Part III. Procedure for assembly/disassembly, repair up to component level, safety precautions.

(iv) Part IV. Part list with drawing reference and List of SMTs/STEs Test Bench.

(v) Rotable list, norms of consumption, mandatory/ non-mandatory spares list for each system.

(c) Table of Tools & Equipment (TOTE) & carried spares.

(d) Complete Equipment Schedule.

(e) Repair and Servicing schedule.

(f) Design Specifications.

(g) Technical Manual on STE with drawing references.

(h) Condemnation limits.

(i) Packing specifications /instructions.

(j) Any additional information suggested by the OEM.

10. Details of OEMs. For major / complex equipment, a large number of other OEMs may also be involved in manufacture of various systems/sub systems / support equipment. Details of such OEMs would also have to be intimated by the Seller. The list of OEMs of corresponding equipment would be submitted as per Table below:-

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Equipment</th>
<th>Part No</th>
<th>OEM</th>
<th>Contact Details</th>
<th>Details of Government License to OEMs</th>
</tr>
</thead>
</table>


Miscellaneous Aspects *(Applicable only when trials are required)*

11. In cases where the equipment is required to undergo trials, the equipment will also be put through Maintenance Evaluation Test. Based on this evaluation and in consultation with the supplier, the MRLS may be refined.

12. During user trials it may be brought out that the equipment is acceptable subject to carrying out certain modifications/improvements.

13. **Maintainability Evaluation Trials (MET).** This is carried with a view to facilitate provisioning of effective engineering support during life cycle of the equipment. This would involve stripping of the equipment and carrying out recommended tests and adjustments and establishing adequacy of maintenance tools, test equipment and technical literature. To facilitate this process the supplier is required to provide the following:

   (a) **Technical Literature.**


   (ii) Design Specifications.

   (iii) **Technical Manuals.**

      (aa) **Part I.** Tech description, specifications, functioning of various systems.

      (ab) **Part II.** Inspection/Maintenance tasks repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STE).

      (ac) **Part III.** Procedure for assembly/disassembly, repair up to component level and safety precautions.

      (ad) **Part IV.** Part list with drawing reference and List of SMTs/STE Test Bench.

   (iv) Manufacturers Recommended List of Spares (MRLS).

   (v) Illustrated Spare Parts List (ISPL) and along with the prices in the Commercial Offer.


   (vii) Complete Equipment Schedule.

   (viii) Table of Tools & Equipment (TOTE) & carried spares.
(ix) Rotable list, norms of consumption, mandatory/non mandatory spares list for each system.

(x) Interactive Electronic Training Manuals (IETMs) of Class III or IV.

(b) One set of Gauges

(c) One set of Special Maintenance Tools (SMTs).

(d) One set of Special Test Equipment (STEs).

(e) Servicing Schedule.

(f) Condemnation limits.

(g) Permissive repair schedule.

(h) Packing specifications/instructions.

(j) Design Specifications.

(k) Any additional information suggested by the OEM.

14. The following may also be noted:

(a) The requirement of training and associated equipment must be clearly specified in Part I and details should be placed as per Annexure IV to this Appendix.

(b) The costs for aggregates and training must only be indicated in the commercial proposal.

(c) Sufficiency clause in terms of installation material and spares should also be included (as suggested by the SHQ).

**Maintenance Contracts (To be included as applicable)**

15. Maintenance Contracts for providing maintenance support would be covered under Annual or Comprehensive Maintenance Contracts (CMCs) for a period of at least three to five years beyond the warranty period. The AMCs/ CMCs would be provided by the OEM / licensed entity / OEM authorised representative and would commence on completion of warranty period.

**Annual Maintenance Contracts (AMC)**

16. The Annual Maintenance Contracts include Maintenance and Repair services by the Bidder in order to ensure serviceability of the equipment covered / services desired for pre-determined annual periods. The cost of material spares consumed in execution of these services is provided by the Buyer or paid to the Bidder, in addition to the AMC charges. In the contract the services of the specialist would be costed based on the pre-determined Man-
day rates. Therefore, the rates for Services of Specialists and hiring Special Tools comprising all-inclusive man-day rates at shore, and on operational platform viz, ship at sea, aircraft needs to be submitted. The following AMC clauses will form part of the contract:

(a) **Period of AMC.** The Bidder would provide AMC for a period as stipulated in the contract. The AMC services should cover the repair and maintenance of the specified equipment and systems purchased under the present contract. The Buyer Furnished Equipment which is not covered under the purview of the AMC should be separately listed by the Seller.

(b) **Spares for AMC.** The Spares will be provided by the Buyer and would be supplied through the Spares contracted under the Engineering Support Package mentioned above or the cost of spares paid to the Bidder, in-addition to the AMC charges.

(c) **Response and Repair Time.** During the AMC period, the Bidder would carry out all necessary servicing/repairs to the equipment/system under AMC at the current location of the equipment. The response time of the Bidder should not exceed ____ (days/weeks/months) from the moment the breakdown intimation is provided by the Buyer. Prior permission of the Buyer would be required in case certain components/sub systems are to be shifted out of location. Maximum repair turnaround time for equipment/system would be ____ (days/weeks/months). However, the spares for other systems should be maintained in a serviceable condition to avoid complete breakdown of the equipment/system.

(d) **Termination of Contract.** The Buyer may terminate the maintenance contract at any time without assigning any reason after giving a suitable notice as agreed to in the contract. The Bidder will not be entitled to claim any compensation against such termination and, if any payment is due to the Bidder for maintenance services already performed, the same would be paid as per the contract terms.

**Comprehensive Maintenance Contracts (CMC)**

17. The Comprehensive Maintenance Contracts are to be for ____ years. The scope of CMC, in addition to services of the Specialists, include provisioning of spares, tools and equipment as required for Maintenance and Repair of the equipment. In this arrangement, the OEM will ensure that the down time of the equipment does not exceed ____ (days/weeks/months).

In such cases, Engineering Support Package may be reduced proportionately based on the operational requirements and functional sensitivities such as geographical spread, remote location, poor connectivity, intense threat environment precluding employment of civil support, etc.

18. CMC by means of Comprehensive Maintenance would be provided by the Bidder, which will include all corrective and preventive maintenance of the systems, equipment and machinery in satisfactory working order and ‘Planned Preventive Maintenance’ (PPM), repairs, servicing, calibration, replacement of defective parts, sub-assemblies, equipment, preservation /de-preservation as applicable.
19. All equipment supplied under the instant contract is to be maintained on site by the Bidder through a CMC (inclusive of spares and labour) post warranty, for ___ years. CMC will ensure performance of the equipment in the range and accuracies as set in equipment Technical Manual. An equipment repair Log book is to be maintained to keep a record of the equipment down time during defect rectification. The scope of work would also involve the following:-

(a) **Preventive Maintenance.** The maintenance of the equipment is to be carried out by the Bidder at the Buyer premises. The equipment will be maintained as per the OEM specified maintenance schedules and equipment manuals. However, the number of visits by the supplier to the customer premises should be at least once a quarter or ____ *[to be specified]*. The preventive maintenance team visiting the unit should be composite and possess sufficient expertise and spares to carry out preventive maintenance activities and resolve any pending unserviceability issues of the equipment.

(b) **Breakdown Maintenance.** In addition to preventive maintenance, the Bidder will also be responsible to undertake breakdown maintenance of the equipment. Defects on the equipment as and when observed, will be intimated to the Seller by telephone/ fax. The Bidder will depute a team for undertaking repairs of the equipment within __ working days from the reporting of the defect, in order to make the equipment operational. The Bidder will need to diagnose, test, adjust, calibrate and repair / replace the goods/equipment during the CMC period. However, defective hard disks, strong devices, if any, of the equipment, will not be returned to the Bidder and would be retained for destruction / safe custody. The downtime of the equipment will commence from the time a defect is reported by the user and the log of the same would be maintained.

(c) **Calibration.** Periodic inspection and calibration services as set forth in the equipment manual shall be provided by the Bidder, to ensure operational availability of the equipment. Requisite certificates may be rendered whenever major repairs/maintenance on equipment is undertaken.

(d) **Spares.** Supply of all parts (spares sourced from the OEM/OEM authorised vendor), including consumables, if any and material required for the optimal performance of the equipment as per the designed specifications mentioned in the equipment manual would be the responsibility of the Bidder.

(e) **Software.** The Bidder will provide support for maintenance of the software(s) during the period of CMC and would include the following:-

   (iii) Upgrades, patches, fixes to the OS and the Application software.

   (iv) Back-up and restoration of software, as and when required.

(f) **Obsolescence Management.** The obsolescence management for the equipment delivered under the scope of contract would from part of CMC Services. The obsolescence management will include providing “Form, Fit and Function” replacement of any system/sub system rendered obsolete during the period of CMC.
**Life Cycle Support Contract (LCSC)**

20. In case the Repair and Maintenance of equipment is through Life Cycle Support Contracts, the Bidder would have to submit the complete Spare Parts list of equipment (not limited to MRLS) along with complete Repairable Parts list (in softcopy) in the Technical offer. The complete Spare Parts Price Lists, Repairs Price Lists and Man day Rates of Specialists would have to be submitted in the Commercial offer. Negotiations for Long Term Rate Contracts (5-8years) for Spares, Repairs and Man day rates of Specialists would be conducted concurrently with the (L1) Bidder.

21. The LCSC to be signed with main contract, would be provided by Bidder through the following:-

(a) **Itemised Spare Parts Price Lists (ISPPL).** ISPPL for all Spares or Line Replaceable Units (LRUs) of the equipment along with their Base price, annual escalation, delivery period and the MTBF (where applicable) be provided, at the time of submission of offer. The ISPPL shall also include details of the source, especially for items which are COTS, bought-out, proprietary, etc. ISPPL shall also indicate interoperability of spares across projects, in case spares/equipment is already inducted in the Indian Armed Forces. The Seller would submit a comprehensive Itemised Spare Parts Price Lists (ISPPL) comprising the following:-

(i) Complete Part Identification List (PIL) for all Spares or Line Replaceable Units (LRUs), along with corresponding unique part numbers. The list is not to be limited to MRLS (Depot spares) or On-board Spares (spares along with the system) and should comprise entire list of spares of the equipment.

(ii) Base Price list of each of the spares along with annual escalation at time of submission of the offer.

(iii) Delivery Period of each spare after receipt of Order.

(iv) Mean Time Between Failure (MTBF), where applicable.

(v) Terms and conditions for supply of spares.

<table>
<thead>
<tr>
<th>Table - Illustrative Format for Submitting Details of Spares</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ser No.</strong></td>
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</tbody>
</table>

**Note:-** The following details be included in the spare parts submission offer:-

(i) Sourcing of spares wrt COTS and Proprietary.

(ii) Interoperability of spares across projects, in case the part/system/sub-system,
etc. is already inducted in some other equipment currently in service with the Indian Armed Forces, or has been contracted for supply to the Indian Armed Forces.

(b) **Repairable Items Price Lists (RIPL).** RIPL would comprise of all repairable sub systems/ blocks and units. Wherever applicable, source of components required for repairs of units should also be specified. RIPL will also indicate reparability of these in India. The Bidder should submit the RIPL comprising the following:-

(i) Complete catalogue of repairable spares (at LRU level), along with their Part numbers. Source of components required for repairs of units should also be specified, wherever applicable.

(ii) Base Price list for repairs clearly indicating repairs that can be undertaken in India and at OEM premises. RIPL will comprise of all repairable sub systems/ blocks and units.

(iii) Terms and conditions for undertaking repairs be specified.

(i) Delivery Period after receipt of order must be mentioned.

(ii) For imported equipment, the impetus is to undertake repairs in India. Repair list in such cases should clearly segregate the list of items that can be repaired in India and those that have to be undertaken to the OEM premises.

<table>
<thead>
<tr>
<th>Table - Illustrative Format for Submitting Details of Repairable Spares</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ser No.</strong></td>
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</tbody>
</table>

**Note:** - The following aspects to be ensured:-

(i) Repair costs to be all-inclusive (collection/delivery ex-Depot).

(ii) Warranty post repairs will be as specified in the contract document.

(c) **Man-Day Rates for Services/Special Tools.** Man-day Rates for Services/Special Tools of Specialists (where applicable) should be specified corresponding to the categorisation of specialists, e.g. Designers, Engineers and Technicians, as applicable. Man-day Rates for hiring Special Tools, where applicable will also be provided.
22. **Online Inventory Management System (OIMS).** *(Applicable for all cases beyond Rs 300 Crores. Optional for delegated power cases)* To leverage information technology and ensure expeditious order placement as well as timely product support, the Bidder, shall be required to provide an Online Inventory Management System (OIMS), as per mutually agreed format, to place Purchase/Repair Orders (as applicable) online. The OIMS shall also provide feature to track the delivery status of the items. Further the OIMS should provide dashboard for intimation on obsolescence and offer of lifetime buy along with provision for user to interact with the OEM for technical assistance etc. The detailed scope and features of OIMS shall be finalised during the negotiations on LCSC. The OIMS may be decided on case to case basis.

23. **Active Technology Obsolescence Management.** Bidder will indicate the methodology on how the Bidder intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/ subsystem/ units on completion of its fair service life. The Bidder/OEM *(as applicable)* shall also intimate Buyer on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin should specify either alternate item or option for life-time buy as under:-

(a) The Bidder/OEM *(as applicable)* will notify the Buyer not less than three years before the closure of its production line about the intention to close production of equipment for provision of purchasing spare parts, before closure of the said production line.

(b) Three years prior to completion of design/service life of equipment, the Bidder/OEM *(as applicable)* will submit techno-commercial proposal for upgradation of equipment, wherever applicable, to mitigate technology obsolescence and for ensuring product support for next 15 years.

**Performance Based Logistics (PBL)**

24. For certain equipment /platforms, the life cycle support could also be provided through implementation of the Performance Based Logistics (PBL). The PBL is a Supply Chain concept for optimising the availability of spares and services support to meet the predetermined level of operational availability. The criteria for the PBL supply chain is based on approved Performance Metrics. The Bidder or the contracted Vendor would implement the desired Supply Chain Management system for meeting the operational performance level. The Bidder shall provide overall logistics support and perform tasks, functions and responsibilities to support the equipment as a PBL package.

25. The PBL package is inter-alia based upon the following aspects :-

(a) Type and number of Equipment.

(b) PBL Duration

(c) Desired Exploitation Rate per equipment per year.

(d) Desired average and overall equipment availability.
(e) Maximum acceptable downtime.

(f) Acceptable MTBF and time for repairs.

(g) Mode and timelines for replenishment of Spares

26. **Equipment Delivery & Base Opening Plan.** The PBL package would be designed based on the equipment deliveries and the number of bases where equipment will be deployed.

27. **Performance Metrics.** The performance metrics are measurable performance indicators. Bidder/Buyer agree on, what is a successful outcome of the metric and mutually agree on performance of each metric. Both, the level of required outcome and, the related key metric need to be spelt clearly. This is necessary to manage performance and consequent remuneration, which can be an incentive in case of exceedance in performance, and penalty, in case there is short fall in desired outcome. An indicative list of performance metrics is attached as Annexure – V.

28. **Vendor Responsibilities.** Division of responsibilities between the Bidder and Buyer, for various activities under PBL are defined as per a Vendor Responsibility Matrix. An indicative format of responsibility matrix is attached as Annexure-VI. The nature of such responsibilities would differ on case to case basis, but an indicative list of vendor responsibilities is as follows:-

   (a) Supply Chain Management up to the Buyer’s central Warehouse.

   (b) Repair and Overhaul of all components/LRUs of the equipment delivered during the PBL period.

   (c) Repair/replacement of spare parts.

   (d) Replenishment of all expendables to support the periodic maintenance activities of equipment.

   (e) Compliance of modifications, Airworthiness Directives & Mandatory Service Bulletins (MSBs) etc.

   (f) Calibration and maintenance of the GSE, GHE, STE and role equipment.

   (g) Provide an Information Technology (IT) tool for managing information with the Buyer.

29. **Sample PBL Contract.** An indicative and sample Scope of Work for a PBL contract is attached as Annexure-VII.
**MANUFACTURER’S RECOMMENDED LIST OF SPARES (MRLS)**

**EQUIPMENT:**

Original Equipment Manufacturer (OEM):

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Manufacturer’s Part No</th>
<th>Source of Supply</th>
<th>Nomenclature</th>
<th>Nos fitted in one equipment</th>
<th>Illustrated spare Part List (ISPL) Reference</th>
<th>Unit Cost</th>
<th>Recommended scale for</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Unit Repair</th>
<th>Field Repair</th>
<th>Intermediate Repair</th>
<th>Base Repair</th>
<th>Unit Repair</th>
<th>Field Repair</th>
<th>Intermediate Repair</th>
<th>Base Repair</th>
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</table>

**Note:**

1. Maintenance spares/stores like lubricants, sealing compound, gases should be given separately giving source of supply.

2. Spares for component repairs should be included under the column of nodal repair & Base Repair as suggested by OEM.

3. In ‘Remarks’ column following information (if applicable) be given:

   (a) If an item has a shelf/operational life it be marked as ‘G’ and life indicated.

   (b) Matching set of components be indicated.

   (c) Item which can be locally manufactured should be marked ‘LM’.

   (d) Items which cannot be manufactured in India due to sophisticated
design/technology may be marked as ‘SI’ (Special Item).

(e) If a component/assembly is common to other similar equipment offered by the OEM earlier these should be marked ‘CM’ and name of the equipment be indicated.

4. MRLS should be drawn out of the ‘Part List’ of the equipment, which should be separately given as part of Technical Manual Part IV.

5. If the main equipment consists of other equipment then MRLS should be prepared for them under proper heads.

6. MRLS be prepared as per the maintenance concept of the customer (Appendix K to this RFP)

7. Items provided along with the equipment as spares should also be included in MRLS.

8. Modules/Shop Replaceable Unit (SRU)/assemblies should be listed and their components should be included under them so as to relate each item of spare to their module/SRU/assembly.

9. Complete MRLS should be costed separately for Field, Nodal and Base repairs as it is required to be included as part of ‘Total Costed Engineering Support Package’ (ESP). OEM may give cost details in confidence to Contract Negotiation Committee (CNC), but other details as above be provided during Maintainability Equipment Trial (MET).

10. MRLS for test equipment should also be provided on the similar format.

****
Annexure II to Appendix K  
(Refers to Para 13 of Appendix K)

**LIST OF SMT/STEs, JIGS, FIXTURE AND INFRASTRUCTURE**

EQUIPMENT: _________________

Original Equipment Manufacturer (OEM): _______________

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Manufacturer’s Part No</th>
<th>Designation</th>
<th>Unit Cost</th>
<th>Unit Repair</th>
<th>Field Repair</th>
<th>Intermediate Repair</th>
<th>Base Repair</th>
<th>Brief Purpose</th>
<th>Remarks</th>
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</tbody>
</table>

**Note:**

(i) Prepare separate sheet for each type of equipment.

(ii) Specify in remarks column whether the Special Test Equipment (STE)/Special Maintenance Tools (SMTs) can be used as general purpose equipment on any other kind of equipment.

(iii) For Nodal Repairs/Base repairs quantity required should be for repair of 10 equipments at a time.

(iv) If test equipment is commercially available ex India, the source of supply be specified.

(v) Test equipment for calibrating the STEs should be included in the list above.

(vi) Test equipments which are required to be provided by the customer should also be included in the list above.

****
**TECHNICAL LITERATURE**

**EQUIPMENT:** ________________________________

Original Equipment Manufacturer (OEM): ________________________________

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Technical Literature</th>
<th>Unit Cost</th>
<th>Scale For equipment</th>
<th>Total Cost</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Design Specifications</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(a) Part I. Tech description, specifications, functioning of various Systems.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Part II. Inspection/Maintenance tasks, Repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STEs).</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(c) Part III. Procedure assembly/disassembly, repair up to component level, safety precautions.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(d) Part IV</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Part list with drawing reference</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) List of SMTs/STEs with Test Bench</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>4.</td>
<td>Manufacturer’s Recommended List of Spares (MRLS)</td>
<td></td>
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<tr>
<td>5.</td>
<td>Illustrated Spare Part list (ISPL)</td>
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<tr>
<td>7.</td>
<td>CDs on the above Tech literature</td>
<td></td>
<td></td>
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<tr>
<td>8.</td>
<td>Any other (specify)</td>
<td></td>
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</tbody>
</table>

**Total Cost:**

**Note:**

(i) In case any additional equipment is used their tech literature will be included.

(ii) If certain technical literature is being provided free of cost it should be indicated in the remarks column.
### TRAINING AGGREGATES

**EQUIPMENT: __________ OEM: __________**

<table>
<thead>
<tr>
<th>Ser. No.</th>
<th>Description of Training Aggregate</th>
<th>Scale for (qty) Eqpt.</th>
<th>Unit Cost</th>
<th>Total cost</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Complete Equipment</td>
<td>2</td>
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<tr>
<td>2.</td>
<td>Sectionised Equipment</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Shop Replaceable Units (SRU)/PCB/Modules/Assemblies as under: (a) (b) (c)</td>
<td>One each</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Computer based training package based on interactive multimedia to include (a) Full graphics, animation, text and sound (b) Symptoms-fault correlation (expert system).</td>
<td>One set</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Training Aids to include (a) Charts (b) Slides (c) Training Brochures (d) Training Work models (e) Blow up diagram (f) Video films</td>
<td>One set</td>
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<td></td>
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</tr>
<tr>
<td>6.</td>
<td>Cost of training ____ operators and ____ technicians in country of OEM</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7.</td>
<td>Any other</td>
<td></td>
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</tbody>
</table>

**Total Cost:**
INDICATIVE LIST OF PERFORMANCE METRICS FOR A PBL CONTRACT

1. **‘Level of Performance’ Metrics.** An indicative list of drivers/requirements to measure level of performance metrics is as follows:

   (a) System availability (serviceability percentages, platform availability, system uptime (hours per), utilisation rate (hours per), and/or

      (i) An assured fleet availability of xx% - the methodology and periodicity of calculation to be clearly specified.

      (ii) Mission capability (defined) for particular mission.

   (b) Spares availability (MRLS/PBL), and/or,

      (i) Availability of parts, including those fitted on the main equipment/aircraft at a certain %.

      (ii) Supply of AOG category of items in a defined time frame.

         (aa) At the port of entry within 96 hours.

         (ab) Despatch details (airway bill) in 48 hours.

         (ac) Demand satisfaction /fill rate of 90%

         (ad) Timely supply of all scheduled servicing kits.

   (c) Reliability metrics, and/or,

      (i) Free of cost repair for new items and repaired items which fail within a specified period of time.

   (d) Supply chain metrics (Turnaround time, repair time, non-availability time), and/or,

      (i) Repair turn-around time (R-TAT) of 3 months for 90% items and the remaining at 6 months.

   (e) Engineering reach back metrics, and/or,

      (i) Engineering disposition within 48 hours of communicating the problem.

   (f) Cost based metrics, (annual cost of), and/or,

   (g) Consumables/FOL etc, and/or,

   (h) Availability of field support (FSR, LSR etc).
Responsibility Matrix  
(Sample Data Only)

Note: Fill Col 2 & 3 as applicable.

<table>
<thead>
<tr>
<th>Function Task</th>
<th>Responsibility of</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Buyer</td>
</tr>
<tr>
<td>-1-</td>
<td>-2-</td>
</tr>
<tr>
<td><strong>A. Maintenance</strong></td>
<td></td>
</tr>
<tr>
<td>1. Flight Line Operations</td>
<td></td>
</tr>
<tr>
<td>2. Pre flight / Daily checks (1st Line)</td>
<td></td>
</tr>
<tr>
<td>3. Periodic Checks (2nd Line)</td>
<td></td>
</tr>
<tr>
<td>4. GSE / GHE Role Eqpt (1st Line)</td>
<td></td>
</tr>
<tr>
<td>5. GSE / GHE Role Eqpt (2nd Line)</td>
<td></td>
</tr>
<tr>
<td>6. Fault Isolation / Troubleshooting (1st &amp; 2nd Line)</td>
<td></td>
</tr>
<tr>
<td>7. Spares / Expendables Removal and Installation / Topping</td>
<td></td>
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<tr>
<td>8. Service Bulletin Compliance</td>
<td></td>
</tr>
<tr>
<td>9. Minor Structural Repairs</td>
<td></td>
</tr>
<tr>
<td>10. Major Structural Repairs / Repairs</td>
<td></td>
</tr>
<tr>
<td>11. Spares Repair and Inspection</td>
<td></td>
</tr>
<tr>
<td>12. Technical Assistance</td>
<td></td>
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<tr>
<td>13. Aircraft Configuration Changes (based on Role / Mission)</td>
<td></td>
</tr>
<tr>
<td><strong>C. Supply Support</strong></td>
<td></td>
</tr>
<tr>
<td>1. Initial Purchase of Spares and Expendable Parts (OEM Rec)</td>
<td></td>
</tr>
<tr>
<td>2. Replenishment of Spares and Expendable Parts</td>
<td></td>
</tr>
<tr>
<td>3. Spares Forecasting, Inventory &amp; Re-order Levels</td>
<td></td>
</tr>
<tr>
<td>4. Spares Availability</td>
<td></td>
</tr>
<tr>
<td>5. Spares Repair</td>
<td></td>
</tr>
<tr>
<td>6. Service Bulletin Material</td>
<td></td>
</tr>
</tbody>
</table>
7. Material and Supply Chain Management

8. FOL & Consumables as per OEM Recommendations

9. Availability of Logistics Service Rep (LSR) at Main Operating Base (MOB)

10. Deficiency / Discrepancy Reports

D. Engine Support

1. Propulsion system sustainment

2. Engine Trending & Diagnostics

3. Engine handling equipment

E. Facilities

1. Hangar, Warehouse and other facilities in MOB

2. Management of Spares Warehouses at MOB

3. Service / Housekeeping maintenance of MOB facilities

4. Central Warehouse Responsibility

5. Office space, Internet and Communication facilities

F. Ground Support Equipment (GSE)

1. Purchase GSE for O level Maintenance

2. Purchase GSE for I level Maintenance

3. GSE Maintenance (Calibration and Maintenance)

G. Maintenance & Operation Support

1. Maintenance Planning

2. Configuration and Maintenance Documentation Control

3. Availability of FSR at MOB & at FOB on requirement basis

4. Engineering Dispositions

5. Engineering Support to Tasks at Site

6. Issue SBs / Tech directives / Mods

7. FDR Data Download

8. Structural health Monitoring / Aircraft Structural Integrity Program

9. Calibration Support

10. Proof Load Testing management
<p>| | |</p>
<table>
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<tbody>
<tr>
<td><strong>11. Mission Planning Hardware &amp; Software Support</strong></td>
<td></td>
</tr>
<tr>
<td><strong>12. All software Updates &amp; Subscription Services</strong></td>
<td></td>
</tr>
<tr>
<td><strong>13. Navigation, TAWS data</strong></td>
<td></td>
</tr>
<tr>
<td><strong>H. Packing, Transportation and Handling</strong></td>
<td></td>
</tr>
<tr>
<td>1. Packing</td>
<td></td>
</tr>
<tr>
<td>2. Transport from SELLER to BUYER Central Warehouse, under DAP conditions, Incoterms 2010</td>
<td></td>
</tr>
<tr>
<td>3. Transport from BUYER Logistics Control Point to SELLER</td>
<td></td>
</tr>
<tr>
<td>4. Transport from MOB to other MOB / FOB</td>
<td></td>
</tr>
<tr>
<td>5. Customs Administrative process (Bill of Entry preparation)</td>
<td></td>
</tr>
<tr>
<td>6. Customs clearance and related costs and taxes and duties</td>
<td></td>
</tr>
<tr>
<td>7. Release of items from customs and delivery to final destination</td>
<td></td>
</tr>
</tbody>
</table>
SCOPE OF WORK FOR PBL CONTRACT

Note – 1: The sample case relates to main contract for supply of a fleet of aircraft. Modify scope as per equipment/system.

Introduction

1. The SELLER shall provide overall logistics support and perform tasks, functions and responsibilities to support the name of the fleet/equipment/system as a Performance Based Logistics (PBL) Package as described in this Appendix.

2. The PBL Package is based upon the following assumptions:-
   (a) **PBL Duration**: specify the period of applicability of PBL.
   (b) **Aircraft Fleet for PBL**: All Aircraft delivered during the PBL period as per delivery schedule in Table 1.
   (c) **Average Flying Rate**: state the Flight Hours (FH) per Aircraft per year.
   (d) **Warehouse**: The Central Warehouse of the BUYER will be (List the BRD/ED/Storage Location of IAF).

3. **Aircraft Delivery & Base Opening Plan.** The PBL package is designed based on the following aircraft deliveries and the number of bases from the contract effective date (T0):-

<table>
<thead>
<tr>
<th>No of Aircraft</th>
<th>Delivery Month</th>
<th>Number of Bases</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>T0 + 12</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>T0 + 36</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>T0 + 48</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>--</td>
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<td>--</td>
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</tr>
<tr>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>36</td>
<td>T0 + 96</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

(Table filled with sample data only)

4. **Minimum Fleet FH Distribution Per Year.** The estimated year wise minimum FH distribution at a rate of (…)FH/Aircraft/Year is as follows:-

(Include data here)
Scope

5. The SELLER shall deliver a PBL Package for five years for the BUYER (list of aircraft fleet/equipment/system), commencing from delivery of the first aircraft.

6. The SELLER shall position a Program Manager and a Technical Team centrally located at (mention location) for the duration of the PBL contract. The Program Manager will act as an interface with the BUYER for ensuring that the conditions of the PBL are met.

(Replace with details of program manager/technical team as per nature of support)

7. The SELLER shall be responsible for the following ‘off-aircraft’ activities:-

(a) Supply Chain Management up to the BUYER’s Central Warehouse.

(b) Repair and overhaul of all components (LRU’s) of the Aircraft delivered during PBL period.

(c) Repair/Replacement of spare parts.

(d) Replenishment of all Aircraft expendable parts to support the periodic and ‘Out Phase’ maintenance activities of Aircraft.

(e) Compliance of modifications, Airworthiness Directives (ADs) & Mandatory Service Bulletins (MSBs).

(f) Calibration and maintenance of the GSE, GHE, STE and Role Equipment.

(g) Provide an Information Technology (IT) tool for managing information with the BUYER.

8. The expendable and spare parts in the contract will be only for and specifically for the aircraft fleet considered in the scope of the PBL Package.

9. The BUYER shall be responsible for fault isolation and aircraft maintenance planning. The SELLER may provide assessment when requested by the BUYER.

10. The following table summarizes the main logistic support functions, tasks and responsibilities during the PBL period:

<table>
<thead>
<tr>
<th>Function Task</th>
<th>Buyer</th>
<th>Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1-</td>
<td>-2-</td>
<td>-3-</td>
</tr>
<tr>
<td><strong>A. Maintenance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Pre flight / Daily checks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 50 hour checks and multiples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 100 hour checks and multiples</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Six monthly calendar checks
5. Fault isolation
6. Spares / Expendables Removal and reinstallation
7. Service Bulletin Compliance
8. Structural repairs
9. Spares Repair and Inspection
10. Technical Assistance

**C. Supply Support**
11. Initial Purchase of Spares and Expendable Parts*
12. Replenishment of Spares and Expendable Parts
13. Spares Repair
15. Material and Supply Chain Management
16. FOL (Fuel, oils, lubricants, sealant etc.)**

**D. Facilities**
6. Hangar, warehouse and other facilities
7. Management of spares warehouses
8. Service/Housekeeping maintenance of facilities
9. Central warehouse Responsibility

**E. Ground Support Equipment (GSE)**
4. Purchase GSE for O level maintenance *
5. Purchase GSE for I level maintenance *
6. GSE Maintenance (calibration and maintenance)

**F. Maintenance and Operation Support**
14. Maintenance planning
15. Configuration and maintenance documentation control
16. Engineering support to tasks

**G. Transport**
8. Material transport from the SELLER to the BUYER Central Warehouse, under DAP conditions, Incoterms 2010
9. Material transport from the BUYER Central Warehouse to the SELLER

10. Material transport from MOB to other MOB

11. Customs administrative process for clearance (Bill of Entry preparation)

12. Customs clearance and related costs and taxes and duties

13. Release of items from customs and delivery to final destination

*(All data/information in Col 1, 2 & 3 is sample data, for informational purposes only. Fill columns as appropriate)*

* Items delivered under the scope of the Engineering Support Package under this Contract.

** All part numbers and their equivalences, along with the vendor information, are included in the technical document Consumable Material List that will be provided by the SELLER within the scope of the Engineering Support Package.

The BUYER shall be responsible for fault isolation and aircraft maintenance planning.

The SELLER may provide assessment when requested by the BUYER.

11. **Technical Review Meetings.** The Technical review meetings and Program Review meetings shall be conducted as specified in Annexure 1 (*format to be drafted*).

12. **PBL Management Plan.** The SELLER shall provide the draft PBL Management Plan (*provide time period here*).

   (a) The PBL Management Plan will cover all the PBL activities, and establish detailed processes between the BUYER and the SELLER.

   (b) The formats and modes of communication will be defined in the PBL Management Plan.

**Maintenance Support**

13. **Maintenance Schedule.** The Aircraft scheduled maintenance shall be conducted according to (*List the reference document here*) for (*list the aircraft/equipment/system here*). The Aircraft scheduled maintenance and periodicity is as follows:

   **Table 3: Maintenance Intervals**

<table>
<thead>
<tr>
<th>Type of Maintenance</th>
<th>Interval/Periodicity</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1-</td>
<td>-2-</td>
<td>-3-</td>
</tr>
<tr>
<td>(a)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14. **On-Aircraft Maintenance.** The BUYER shall be responsible to perform:

*(The sub-para contains sample list of activities. To be amended as per nature/type of equipment)*

(a) Level maintenance activities including Pre-flight, Daily, checks.

(b) I-level maintenance activities including *(type of)* checks.

(c) Non-scheduled and corrective maintenance activities

(i) These activities shall consist of fault diagnosis, isolation and replacement of failed Line Replaceable Units (LRU), intimation to the SELLER’s technical representative for updating the spare parts management.

(ii) Any flight associated to scheduled and unscheduled maintenance activities and/or fault corrections

(d) Major scheduled repairs, special inspections like NDI will be undertaken by the BUYER. SELLER shall consider such on-demand job on an over and above quotation basis.

15. **Off-Aircraft Maintenance.** *(the sub-para contains sample list of activities. To be amended as per nature/type of equipment)*

(a) **Engine.**

(i) The SELLER shall undertake the first ten (10) *(sample data only)* major repair/overhaul activities of the engine within the scope of this contract. All the subsequent major repair/overhauls of engines will be treated as an over and above quotation.

(ii) Major repairs is defined the repair at a depot level facility.

(iii) The BUYER will conduct the Engine Condition Monitoring (ECM) according to the engine manufacturing manuals and provide the data to the SELLER. The SELLER shall analyse the engine data and report the engines status to the BUYER.

(iv) The BUYER shall be responsible for preventive maintenance of the engine as stated by the “On Condition” maintenance program and ECM. Failure to complete the tasks required by the *(provide applicable document reference here)*, and other documents mentioned herein, particularly execution of a correct ECM, will exempt The SELLER from any responsibility and extra costs due to premature engine removal for major repair/overhaul.

(v) SELLER shall be responsible for repair and overhaul of Propeller at an Authorized Repair Centre *(preferable in India)*, within the scope of this contract.
(vi) Other conditions/terms, as agreed.

(b) **Landing Gear and its Accessories.**

(i) The SELLER shall undertake the first five (f) major repair/overhaul *(sample data only)* activities of the Landing Gear sets, within the scope of this contract. All the subsequent major repair/overhuals will be treated as an over and above quotation.

(ii) Major repairs is defined the repair at a depot level facility.

(iii) Other conditions/terms as agreed.

(c) **Other Components.**

(i) SELLER shall undertake repair/overhaul of the remaining components, except for the wheels, batteries and brakes at the approved Repair Centers.

(ii) Brakes heat-pack support is included on the scope of this contract.

(iii) Other conditions/terms as agreed.

**Technical Support Services**

16. **Technical Support Team.** The SELLER shall designate a *(type of fleet/equipment/system)* qualified Technical Team centrally at *(Place)* for the duration of the PBL Contract. The Technical Team shall have adequate technical skills in all the fields of *(aircraft, engine, role equipment, GSE etc. Sample data only, replace as necessary)* to assure necessary Technical Support to the BUYER.

17. The Technical Team shall provide following support to the BUYER:-

*(The sub-paras contain sample data. Append/delete as it pertains to the case)*

(a) Technical assistance in operation and maintenance activities as and when requested.

(b) Assist on the use and interpretation of technical publications, maintenance program, GSE, GHE, STE and Role Equipment operation and maintenance.

(c) Advice and respond to the technical queries on maintenance activities raised by the BUYER.

(d) Monitor fleet and component reliability based on the data received from the BUYER. The SELLER shall deliver reliability reports for the BUYER fleet including benefits of exploiting data from other operators.

(e) Act as Engineering link with the BUYER to solve technical problems and repairs not included in maintenance manuals.
(f) Analyse the BUYER’s maintenance practices and operations and recommend necessary changes in the procedures to optimise performance.

(g) Assist and advice on aircraft modifications or Service Bulletins embodiment.

(h) Manage with the BUYER representatives, the periodic FH status to align data bases of both parties. Procedure and periodicity of audits shall be agreed during (CDR and PRM meetings, sample data only, replace as applicable).

18. The Technical team activities will be conducted completely on ground and ‘off-aircraft’.

19. In the event of request from the BUYER for the Technical Team for on-site support at a location other than operating Bases, the SELLER’s Technical Team shall travel to other geographic locations in India where services are requested. The cost of such services shall be separately quoted on case to case basis. Such locations will be limited to low risk areas in terms of security in accordance with BUYER security norms.

20. The working hours of the Technical Team shall be 09:00 H to 17:00 H, Monday to Friday. All queries outside the working hours shall be addressed to the (AOG Back Office Desk, sample data only, replace as applicable).

21. The SELLER reserves the right to rotate the personnel of the Technical Team every three months.

22. The SELLER shall deploy Technical Assistance detachment at every operating Base during the set up phase. The Technical Assistance detachment duration shall be agreed between both the parties in the PBL Management Plan. Access to the operating Bases will be granted by the BUYER.

23. **Engineering Reach Back/ Technical Assistance / Support Services.** *(The sub-para’s contains sample data. Append/delete as it pertains to the case)*

   (a) **48 hours Initial Response.** The SELLER shall provide assistance (advise) on all technical matters and critical snag rectification. The first response shall be assured within 48 hours of the request by the BUYER.

   (b) **Engineering Consultation.** The SELLER shall ensure response to all technical enquiries with respect to the aircraft, systems, sub systems and associated equipment supplied by the SELLER.

   (c) **Repair Dispositions/ Investigation.** The SELLER shall provide first 10 cases () of problem analysis/Investigation or repair disposition within the scope of the contract. All the subsequent Investigation or repair disposition will be separately quoted on case to case basis.

   (d) **Other Engineering Support.** The SELLER will provide technical and engineering support beyond “I” level maintenance that will be separately quoted on case to case basis.
**Maintenance Engineering**

24. The BUYER shall be responsible for the following Maintenance Engineering activities:-

   (a) Plan and control the maintenance activities.

   (b) Control the aircraft life limited components.

   (c) Update the aircraft documentation.

   (d) Manage and control the fleet configuration.

25. Compliance with Airworthiness Directives (ADs)/ mandatory Service Bulletins (SBs) shall be undertaken by the SELLER through the BUYER’s technicians. The SELLER will provide spares and TTGE required for compliance of such ADs/SBs.

26. The SELLER will be granted access to the maintenance engineering management system, of the BUYER according to mutually agreed procedures.

**Additional Field Services**

27. The SELLER will provide field services as necessary at BUYER’s request to assist in major repairs required to recover the (aircraft/equipment/system) after incident/accident. Such support will include the services of a staff of specialized engineers and technicians, structural and stress analyst, process engineers, metallurgists, electrical-electronic specialists, etc. for detail advice and counselling. These specialists will be available to review personally any situation at any place in the world for any period of time they may be required.

28. The cost of these services will be considered as an “on-demand job” and quoted separately on case by case basis.

**Access to Online Technical Manuals & Publications**

29. The SELLER shall provide access to technical publications through Web Portal with the latest updates.

30. The SELLER shall provide user licences for forty users *(sample data only, change as applicable)* to access the Customer Web Portal, during the validity of the contract. The BUYER will have to make its arrangements for availability of Internet (World Wide Web).

31. The Web Portal is a tool to drive the BUYER’s on-line communication needs using secure protocols. Through this Portal, the BUYER can take benefits of single point online access to on all the technical information. The main features of the Web portal would be:-

   (a) Friendly environment with online access to updated technical information.

   (b) Queries resolution.
Software Updates  
(Sample data only, change as applicable)

32. The SELLER shall provide updates for the applicable LRUs routinely to ensure continued airworthiness of aircraft.

33. The navigation data base updates are not covered in this contract.

Material & Logistic Support

34. Initial Provisioning. The BUYER shall procure all the initial package of spares, GSE, GHE, STE and role equipment; for carrying out servicing up to 'O' and 'T' level on Aircraft.

35. Repair, replacement and replenishment. The SELLER shall be responsible for the replenishment of expendables and spare parts such that the BUYER stock at the end of the PBL Support period will remain the same as initial Aircraft Package delivery. The SELLER shall minimize as much as possible any possible intermediate shortage of stock during the contract execution.

(a) Replenishment of Expendables.

(i) These items shall be replenished and the stock as initial delivery will remain the same at the end of the contract. The SELLER will have the right to replenish with equivalent or upgraded parts.

(ii) The BUYER shall provide the SELLER, the maintenance tasks reports that support the reason for consumption along with the Aircraft Tail Number. The procedure and mode of communication shall be agreed during PDR/CDR meetings. The SELLER shall provide the document proposal two weeks before the meeting to allow BUYER revision.

(b) Spares Repair/Replacement and Replenishment.

(i) The SELLER shall repair/replace the faulty components of Aircraft, GSE, GHE, STE and Role Equipment. The BUYER shall use the spares provided as MRLS to recover the unserviceable aircraft.

(ii) The SELLER shall replenish the spares with new or repaired parts at its sole consideration. In case of repaired items, the SELLER shall ensure that the component life of such replenished spares is maintained at the similar level of the component life of the replaced spares.

(iii) The SELLER will have discretion to choose the Authorized Repair Centre (preferable in India).

(iv) The replenishment of items rendered useless (scrap) or BER will be done by new or repaired items at the discretion of the SELLER.
(v) **Repair activities.** The BUYER will provide to the SELLER the maintenance task report that support the reason for repair, failure description, troubleshooting records and aircraft affected Serial Number.

(vi) **No Fault Found (NFF).** In the event of a ‘No Fault Found’, the BUYER and the SELLER will engage in a joint assessment to identify the potential solution and way forward for the specific equipment.

(vii) The SELLER’s responsibility over spares and expendables shall be limited to inspection/test/repair of those components which are removed from the aircraft due to failure or life limited or Shelf-life expired.

(viii) The items removed from the aircraft will be replaced with items pertaining to the BUYER’s stock; such support is limited to the aircraft delivery configuration and excludes additional equipment installed by the BUYER.

(c) **Consumables/Spares of O level/I level/ Out of Phase Servicing and Service Bulleting Embodiment.**

(i) The SELLER shall supply spares and consumables based on past consumption data. The BUYER will intimate the details of scheduled servicing/maintenance due on the aircraft, four months in advance. The consumables/spares shall be made available to the BUYER 30 days prior to scheduled task.

(ii) FOL (Fuel, oils, lubricants, according to Consumables Material List) will be the responsibility of the BUYER.

(iii) SELLER will provide the list of FOL items, their in lieu items and sources of supply. This information will be included in the technical manual Consumable Material List.

**AOG Items**

36. AOG situation shall be considered when BUYER has a lack of a serviceable item within all the BUYER stock locations.

37. In the event of an AOG, the AOG starting date shall be the date when the SELLER receives official communication of such AOG by the BUYER by means of the Form of Material Request as per format to be defined in the PDR and will finish when the SELLER makes the shipping details available to the BUYER.

38. The SELLER shall provide dispatch/shipping details of AOG items within 48 hours of the demand if the demand is done between Monday to Thursday.

39. If the demand is raised between Friday to Sunday the SELLER shall provide dispatch/shipping details of AOG items within 72 hours of the demand.

40. AOG items shall be considered as follows:-
(a) NO GO classified items as per Manufacturer Minimum Equipment List (MMEL) from the date the AOG has been declared.

(b) GO IF classified items after the grace period for flight per item as per Manufacturer Minimum Equipment List (MMEL).

(c) Other components items shall become AOG after 15 days from BUYER official request.

**Urgent Items Likely to Cause AOG**

41. The BUYER will project the demand of items falling due in the next four months for all Urgent items. The SELLER shall ensure availability of these items seven days prior to the scheduled date of maintenance.

**Urgent Items Required for Scheduled Maintenance**

42. The BUYER will project the demand of items falling due in the next four months for all Urgent Items for scheduled maintenance. The SELLER shall position the items one month prior to commencement of scheduled maintenance servicing.

**Anticipated Replacement**

43. In case an anticipated replacement is performed, the BUYER must remove the unserviceable item from the aircraft no later than 48 hours from the receipt of the substitution element.

**Supply Chain Management**

44. **Logistic Support.** The SELLER shall be responsible for Supply Chain Management as follows:-

(a) Provide reports of the inventory.

(b) Provide reports of the level of consumed stock, performing the required material requisitions to maintain the initial level.

(c) List of demands in a given month.

(d) Periodic inventory audits management with the BUYER for inventory data reconciliation between BUYER and SELLER data bases. Procedure and periodicity of before mentioned audits shall be agreed during PRM and CDR meetings.

45. **Logistic Support Personnel.**

(a) SELLER shall position a logistic support team that will be co-located in a dedicated office at the BUYER’s Central Warehouse.
(b) Access to the BUYER installations shall be granted by the BUYER. The Logistic team will have direct contact with the BUYER’s maintenance and logistic personnel for daily update on fleet necessities.

(c) The SELLER’s Logistic Representative will be responsible for the management of Material Services contractual commitments for the PBL as follows:-

(i) Act as central focal point for all matters related to Material Support Services at the BUYER’s site.

(ii) Ensure that the contractual material performance related to maintenance services is achieved, locally at the Central Warehouse.

(iii) Coordination of the materials needs, anticipate the spares needed and inform the BUYER.

(iv) Manage all the activities related to: -

   (aa) Repairs & Overhauls of components included in this contract.

   (ab) Spares.

   (ac) Transportation.

   (ad) Communication with the BUYER.

   (ae) Provide status of pending items, and delivery status to BUYER (expendables), under repair status (date of return) and critical items identification.

   (af) Anticipation of the materials needed for scheduled maintenance activities.

   (ag) Liaise with the BUYER to facilitate timely delivery of repaired/replenished/replaced items along with the appropriate shipping and quality documentation.

   (ah) Be responsible for the follow-up of stock movement at BUYER Central Warehouse, following the performance and consumptions of the BUYER.

   (aj) Identify and report the high-rotation and high-failure rate items, specify the root cause (when possible) and launch the opportune actions to prevent stock-out.

   (ak) Launch, the repair management process for any repairable item, and provides feedback to the BUYER for the estimated delivery date (EDD) of the serviceable item.
(al) Verify that the repairable item is shipped in the correct packaging conditions according to the ATA300 requirements and arranges the shipment of the goods.

(am) Under ATA300 regulation, any single item is managed in a manner guaranteeing its safety during the whole logistic process. Special shipment conditions of hazardous materials or electrostatic discharge-sensitive devices are applied and will be indicated.

**ATA 300 CAT II** - Category II containers are effective for a minimum 10 trips.

**ATA 300 CAT III** - Category III containers are effective for just one trip.

(an) Manage and follow-up scrapped items.

(ao) Manage with the BUYER, the corresponding periodic physical inventory audits to align stock level database of both parties.

46. **BUYER Responsibilities.**

(a) The BUYER shall be responsible for reporting the monthly flight hours to the SELLER, by means of a joint report prepared with the SELLER’s Technical Representative.

(b) The BUYER will be responsible for reporting the weekly spares part inventory status to the SELLER, by means of a report prepared jointly with the SELLER’s Logistic Representative.

(c) The BUYER will schedule with the SELLER’s representatives periodical meetings to execute audits for data bases reconciliation. The information received by the BUYER shall be considered as valid for all cases. SELLER shall not be liable of any delay caused by not accurate information of stock levels.

(d) The BUYER will grant the SELLER with access to FDR recordings at the SELLER’s request when an incidence or exceedance or extreme engine parameters in-flight have occurred.

(e) The BUYER shall deliver the faulty LRU to SELLER representatives not later than fifteen (15) calendar days after LRU removal at BUYER Central Warehouse.

47. **Facilities.**

(a) The BUYER will be responsible for warehousing of its spares in terms of hangars, warehouse facilities and equipment (air conditioning, shelves, etc). The Facility Requirement Document (FRD) for such facilities will be provided along with the PBL Management Plan at PDR.
(b) The SELLER will perform a site survey in advance to ensure the BUYER warehouse complies with the requirements for storage of aeronautical components, and the recommended actions will be performed by the BUYER.

(c) The BUYER will provide to the SELLER logistic and technical personnel office space at the Central Warehouse, the necessary furniture (tables, chairs), the necessary utility connections (water and light), and authorize the installation of a stand-alone connection for internet connection.

(d) The BUYER will provide to the SELLER’s representative, temporary office space during on-site service, the necessary utility connections (water and light), and authorize installation of a stand-alone connection for internet connection.

**Performance of PBL Services**

48. The following time periods shall be excluded from performance of PBL Services and therefore shall not be liable for Liquidated damages:-

(a) Delay in handing over of faulty item by the Buyer to the SELLER by more than twenty (20) days.

(b) Time required to recover Aircraft on AOG due to accident, damage or FOD, or by Force Majeure.

(c) Delays of more than seven days in payment of Custom Duty and allied Taxes by the BUYER, provided that the SELLER has submitted duly completed necessary documents to the BUYER prior to the date of shipping of items.

(d) Any disputed periods of delays shall be resolved at dedicated meetings between representatives of BUYER and SELLER.

49. The SELLER shall issue a certificate of conformity for each supply under PBL package. Supplies shall be deemed to have been accepted by the BUYER upon handing over the item at Central Warehouse of the BUYER.

50. The quantity claims for deficiency of quantity shall be presented within 45 days from the end of each Year Period in a format to be defined in the PDR.

51. Unless otherwise agreed between the Parties, the SELLER shall within a period of 90 days after termination or expiry of the PBL Support complete all repairs/replacements and replenishments that are in progress on such termination or expiry date.

52. Within the Warranty period defined in Article (15, *as applicable*), the warranty of repaired/replaced/replenished parts shall be as defined in Article (15, *as applicable*) of the contract. After completion of the warranty period, the warranty of the repaired/replaced/replenished parts supplied as part of the PBL shall be one (1) year or 300 Flight Hours (*as applicable*) whichever is earlier.

53. **Supply Records.** The following Supply records will be provided by the SELLER:-
(a) AOG items status (daily).

(b) Stock availability report (weekly).

54. The format of the records will be defined during the CDR. The SELLER shall provide the document proposal two weeks before the meeting to allow BUYER revision in advance.

55. **Insurance.**

   (a) The SELLER will be responsible for the insurance of the SELLER personnel.

   (b) The SELLER will not be responsible for security and custody of all properties, including spare stock and ground support equipment.

56. **Transport.**

   (a) Transport of Supplies from the SELLER to the BUYER’s Central Warehouse will be performed under DAP conditions, Incoterms 2010 and transport of Supplies from the BUYER Main Warehouse.

   (b) The SELLER shall be responsible for the Customs administrative process for clearance (Bill of Entry preparation).

   (c) Customs Duty and associated Taxes shall be borne by the BUYER. The SELLER shall be responsible for the release of items from customs and delivery to final destination.

**Over and Above**

57. The following tasks, services and responsibilities which are not part of this Contract and will be considered ‘over and above’ as follows:

   (a) Replenishment of items installed by the BUYER not part of the SELLER recognized configuration of the aircraft or duly documented evolutions through Service Bulletins. Such replenishments may be considered by the SELLER subject to availability and mutual agreement with the BUYER on ‘over and above’ basis.

   (b) Replenishment of elements with corrosion that exceed the technically allowed limits and have been caused due to lack of BUYER inspections or mitigation actions as per the technical manuals or specific OEM instructions provided by the SELLER.

   (c) Replenishment of POL that are not part of initial MRLS (fuel, oils, lubricants, grease, sealants, paints and fluids, etc.).

   (d) Replenishment or repair of damaged elements:

      (i) Resulting from crash or accidental damage, foreign object damage (FOD), damage due to war and terrorist activities.
(ii) Secondary damage resulting from a primary equipment failure due to crash or accidental damage, FOD, damage due to war and terrorist activities.

(iii) Due to the BUYER's fault, or negligence, inadequate operation or maintenance activities performed on the aircraft.

(iv) Resulting from natural disaster (floods, earthquakes, lightning, etc...).

(e) Modification, substitution or replacement of equipment at variance to the SELLER recognized aircraft configuration.

(f) Any manpower to perform maintenance “On Aircraft” activities.

58. The ‘over and above’ tasks or service will be quoted on case by case at the BUYER’s request, and will be undertaken upon mutual agreement.

Extension of PBL Service

59. The PBL support may be extended after the expiry of the 5 year period in subsequent blocks of 5 year periods upon mutual agreement between the parties.

60. The Logistical Support Service and the Technical Support Service are catered for the Fleet Hours associated to this contract. In case of renewal, these services shall be adjusted to the new Fleet hours.

61. The Fleet Flight Hour Cost will be subject to the following escalation formula:

\[ P_x = P_{2013} \times \frac{M_x}{M_{2013}} \]

Where:

\[ P_x \] = Price to be applied in the year "X";

\[ P_{2013} \] = Price for the year 2013 as calculated previously (sample data only, change as applicable);

\[ M_x \] = The value of the Industry-Producer price index (Manufacturing industries code "Teis020" of EU28 in accordance with NACE Rev 2) in the Euro zone published by the Eurostat corresponding to February X (sample data only, change as applicable).

\[ M_{2013} \] = The value of above mentioned Producer price index corresponding to February 2013 which value is 108.69 (sample data only, change as applicable).
62. After the completion of the first PBL package, it would be an option that other than MRLS, all further transaction of spares and reparable be undertaken through Indian Aircraft Contractor (IAC) at mutually agreed terms and conditions.

Security

63. A BUYER shall grant security clearance to the SELLER representatives to work at BUYER facilities. Any location declared as Medium-High Risk area by SELLER security department shall be avoided by SELLER personnel.

****
Appendix L to Schedule I to Chapter II
(Refers to Para 10 of Schedule I)

TRIAL METHODOLOGY

Trial Methodology for checking SQRs (Essential Parameters-A, Essential Parameters-B (if applicable) and Enhanced Performance Parameters (if applicable)) as given in the RFP should be formulated and mentioned in this Appendix by SHQ.

****
Appendix M to Schedule I to Chapter II
(Refers to Para 12 and 60 of Schedule I)

COMMERCIAL CLAUSES

1. **Payment Terms**

1.1 **INCOTERMS for Delivery**

1.1.1 The delivery of goods will be based on DDP INCOTERMS-2020 with ultimate consignee as ______________.

1.2. **Currency of Payment**

1.2.1 Foreign bidders should submit their bids in US Dollars/Euros/Pounds Sterling or any other currency.

1.2.2 Indian bidders should submit their bids in Indian Rupees.

1.3 **Bank Guarantee(s).** All Bank Guarantee(s) requirements viz Advance Payment Bank Guarantee (APBG), Performance-cum-Warrantee Bank Guarantee (PWBG), Additional Bank Guarantee (ABG), Performance Bank Guarantee (PBG) etc are to be submitted as per following:-

1.3.1 **Foreign Bidder.** Bank guarantee(s) shall be from any Indian Public Sector Bank or Private Sector Banks notified for business with GoI vide MoF/CGA no. __________ or branches of Foreign Bank in India licensed by RBI or First Class banks of international repute whose details have to be furnished in the Commercial bid. In case of International banks, the Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi or any other Public or Private Sector Bank authorised by RBI and as per their recommendations seek confirmation of Bank Guarantee(s) by counter guarantee by an Indian Bank at Bidder’s cost. The SELLER has the option to furnish multiple Bank Guarantees.

1.3.2 **Indian Bidder.** Bank Guarantee(s) shall be from any Indian Public Sector Bank or Private Sector Banks notified with GoI vide MoF/CGA no. __________. The SELLER has the option to furnish multiple Bank Guarantees.

1.4. **Payment to Foreign Bidders.** The schedule for payments will be based on the Buyers requirements, enumerated at succeeding Paragraphs. The summary of delivery schedule, payments to be made and schedule of submission/release of Advance Payment Bank guarantee (s), as applicable, is specified at Annexure VII to Appendix M.

1.4.1 **Advance Payment.** Fifteen (15%) of the Total Contract Price (excluding total price of AMC/CMC/PBL, if any) shall be paid within thirty (30) days of signing of Contract through Direct Bank Transfer (DBT) and upon submission of claim and a Bank Guarantee (BG) for equivalent amount. The prescribed format of the Advance Payment Bank Guarantee (APBG) is placed at Annexure II to Appendix M. The Advance Payment Bank Guarantee (APBG) will be deemed to be proportionately and
automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. The Bidder has the option to furnish separate Bank Guarantee for each lot/batch/deliverable(s) (as specified at Annexure VII to Appendix M) to affect pro-rata reduction of APBG. 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 45\(^{th}\) 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 wherein 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.

1.4.1.1 In cases where Export License is required to be submitted by the Seller to the Buyer prior to release of Advance Payment, a copy of vendor’s application for export license to their government may be provisionally accepted in lieu of export license, for release of Advance Payment with the caveat that the vendor should submit the requisite Export License prior to release of next payment from the Buyer.

1.4.2 On Dispatch. (Note: The percentages for this stage can be fixed in the RFP on merits of case). ___% of the Contract Price of the Goods shipped shall be paid through Irrevocable Letter of Credit (LC). The payment will be arranged through any Public Sector bank (as decided by the Buyer), to the Bank of the Foreign Seller. The Seller will give a notification to Buyer about the readiness of goods for dispatch at least 45 days prior to delivery of goods. Letter of Credit will be opened by the Buyer within expiry of this period of 45 days provided the Performance-cum-Warranty Guarantee for full value of contract has been received. The Letter of Credit will be valid for ___ days from the date of its opening. In case the delivery is in multiple consignments and there is a long delivery schedule, then Revolving LC can be opened. Paid shipping documents are to be provided to the Bank by the Seller as proof of dispatch of goods as per contractual terms so that the Seller gets payment from LC. The Bank will forward these documents to the Buyer for getting the goods/stores released from the Port/Airport. Documents will include-(Note: The list given below is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP).

1.4.2.1 SELLER’s commercial invoice in sextuplicate, showing the number of the Contract, quantity and Denomination of the Equipment delivered and the amount.

1.4.2.2 Full set of Originals “Clean on Board” Bills of Lading/Air Way Bill (for payments against dispatch).

1.4.2.3 Packing List (six copies).
1.4.2.4  Certificate of Origin, duly stamped by the SELLER’s Chamber of Commerce or self-certified by OEM.

1.4.2.5  Certificate of Conformity and Acceptance Test report (where applicable) at the Pre Despatch Inspection signed by BUYER’s and the SELLER’s Quality Assurance Department. In case BUYER’s representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and Acceptance certificate issued by the SELLER (for payments against dispatch).

1.4.2.6  Certificate of current manufacture from OEM.

1.4.2.7  Certified Receipt Voucher (CRV) by the BUYER (for payment against delivery).

1.4.2.8  Dangerous Cargo Certificate, where applicable.

1.4.2.9  Phyto-Sanitary/Fumigation Certificate, where applicable.

1.4.2.10 In case of training, a certificate from BUYER’s representative that training program has been completed.

1.4.2.11 Export License from the SELLER’s Government (if applicable).

1.4.3  **Stage-wise Payments** *(Note: This Para may be included if the Buyer wants to release payments other than Advance into different stages. The number of stages, their activities and documents required for payment may be framed keeping in view the unique requirements of the case and necessary documentation required. In such cases, Paras 1.4.2 above will get replaced by Para 1.4.3)*

1.4.3.1  The payments will be done in stages as under:-

- First stage- % on completion of ______
- Second stage- % on completion of ______
- Third stage- % on completion of ______
- ................................................

1.4.3.2  For stages mentioned above, payments will be released based upon the Completion certificate given by Buyer’s representative for all activities mentioned therein. For all milestone payments, Bank Guarantee for same amount will have to be furnished by the Seller before release of payments.

1.4.4  **On Final Acceptance and Installation/Commissioning** *(Note: The percentages for this stage can be fixed in the RFP on merits of case)*  % of the Contract Price of Goods received shall be paid within thirty (30) days of receipt of Goods upon submission of claim supported by the Acceptance Certificate issued by the Buyer. The mode of payment could be either LC as mentioned above or through DBT. Payment through DBT will be made within 30 days of receipt of Original
invoice, User Acceptance report and other relevant documents as mentioned above for final payment, but such payments will be subject to the deductions of such amounts as the Seller may be liable to pay under the agreed terms of the Contract.

1.4.5 **Part-Dispatch/Part-Shipmen**t. *(Note: Depending upon merits of case, this Para can be included).* Part-dispatch or part-shipment of goods is permitted and corresponding payment will be released to the Seller. However, where permitted, the minimum quantity for using this facility on each occasion will not be less than ___. Transhipment may not be permitted for certain deliverables and/or under certain situations *(to be specified by the Buyer)*.

1.4.6 **AMC/CMC/PBL Payments.** *(Note: This Para may be included if there is AMC/CMC/PBL clause in RFP. Choice of Quarterly/Half-yearly/Annually may be decided as per merits of the case)* Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through DBT.

1.4.7 Payments through LC and DBT will be subject to the instant Uniform Customs and Practice for Documentary Credit (UCPDC) of the International Chamber of Commerce. The LC will be confirmed at Seller’s cost, if requested specifically by the Buyer. Banking charges will be paid by the Buyer and Seller in their respective countries. Where extension of LC is necessitated, the Banking charges for extension shall be borne by the Party whose default causes such an extension.

1.5 **Payment to Indian Bidders.** The schedule for payments will be based on the Buyers requirements, enumerated at succeeding Paragraphs. The summary of delivery schedule, payments to be made and schedule of submission/release of Advance Bank guarantee (s), as applicable, is specified at Annexure VII to Appendix M.

1.5.1 **Advance Payment.** Fifteen (15) % of the Total Contract Price (excluding total price of AMC/CMC/PBL, if any) shall be paid within thirty (30) days of signing of Contract and upon submission of claim and a Bank Guarantee for the equivalent amount. The prescribed format of the Advance Payment Bank Guarantee (APBG) is placed at Annexure II to Appendix M. The Advance Payment Bank Guarantee (APBG) will deemed to be proportionately and automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. **The Bidder has the option to furnish separate Bank Guarantee for each lot/batch/deliverable(s) (as specified at Annexure VII to Appendix M) to affect pro-rata reduction of APBG.** The date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T_o), 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 wherein 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.
1.5.2 On Dispatch. (Note: The percentages for this stage can be fixed in the RFP on merits of case) ___% of the contract price of deliverables shall be paid on proof of dispatch of deliverables to the consignee and on production of an inspection note issued by the buyer designated inspection agency. Number and date of the Railway/Road/Air Transport receipt under which the deliverables charged for in the bill are dispatched by rail/road/Air and the number and date of letter with which such receipt is forwarded to the consignee, should be quoted on the bill. The payment will be made by PCDA/CDA through cheque/Electronic Fund Transfer (EFT) on submission of following documents-(Note-The list given below is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP).

1.5.2.1 Ink-signed copy of Seller's bill.
1.5.2.2 Ink-signed copy of Commercial invoice.
1.5.2.3 The relevant Transport Receipt.
1.5.2.4 Inspection Acceptance Certificate of Buyer’s QA agency demonstrating compliance with the technical specifications of the contract.
1.5.2.5 Packing List.
1.5.2.6 Certificate of Origin.
1.5.2.7 Claim for statutory and other levies to be supported with requisite documents/proof of payment, as applicable.
1.5.2.8 Exemption certificate for taxes/duties, if applicable.

1.5.3. Stage-wise Payments. (Note: This Para may be included if the Buyer wants to release payments other than Advance into different stages. The number of stages, their activities and documents required for payment may be framed keeping in view the unique requirements of the case. In such cases, Para 1.5.2 above will get replaced by Para 1.5.3)

1.5.3.1 The payments will be done in stages as under:--

- First stage- % on completion of ____
- Second stage-- % on completion of ____
- Third stage- % on completion of ____
- ..............................................

1.5.3.2 For stages mentioned above, payments will be released based upon the Completion certificate for all activities mentioned therein given by Buyer’s representative. For all milestone payments, Bank guarantee for same amount will have to be furnished by the Seller before release of payments.

1.5.4 On Final Acceptance and Installation/Commissioning (Note: The percentages for this stage can be fixed in the RFP on merits of case)-The remaining ___ % of the Contract Price of deliverables shall be paid within thirty (30) days after the date of the Acceptance Certificate & Certified Receipt Voucher (CRV) issued by the Buyer and other relevant documents as mentioned above for final payment, but
such payments will be subject to the deductions of such amounts as the Seller may be liable to pay under the agreed terms of the Contract. The concerned PCDA/CDA will release the payment through cheque/EFT.

1.5.5 **Part-Dispatch/Part-Shipment.** *(Note: Depending upon merits of case, this Para can be included).* Part-dispatch or part-shipment of goods is permitted and corresponding payment will be released to the Seller. However, where permitted, the minimum quantity for using this facility on each occasion will not be less than ____. Transshipment may not be permitted for certain deliverables and/or under certain situations *(to be specified by the Buyer).*

1.5.6 **AMC/CMC Payments.** *(Note: This Para may be included if there is AMC/CMC clause in RFP. Choice of Quarterly/Half-yearly/Annually may be decided as per merits of the case).* Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through issue of cheque/ECS.

1.5.7 **Payment of Taxes and Duties.** Payment of taxes, duties and statutory levies will be made on submission of requisite documentary proof to Paying authority. Reimbursement of taxes and duties will be as per rates and amounts indicated in the commercial bid/contract or as per actuals whichever is lower.

1.5.8 **Exchange Rate Variation.** Exchange Rate variation shall be applicable for Rupee contracts with Indian Vendors, based on RFPs issued under all categories of capital acquisitions mentioned at Para 6 to 11 of Chapter I of DPP. The indigenous & import components as also the various currencies (of the import components) for ERV purposes, must be determined in advance. The guidelines on protection of Exchange Rate Variation are given at *Annexure I to this Appendix.*

1.5.9 **Payment by Letter of Credit (LC).** For Capital Acquisition, Category “Buy Global” (other than Defence PSUs in *ab initio* Single Vendor Cases or as a nominated production agency), Indian vendors can exercise option to take payment either through Letter of Credit (LC) or Bank Transfer. The payment terms would be regulated as given below:-

<table>
<thead>
<tr>
<th>Clause</th>
<th>Where Supplier opts for payment through Letter of Credit</th>
<th>Where Supplier opts for payment through Bank transfer</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>The Accounting and Payment currencies shall be Rupees only. However, Exchange Rate Variation (ERV), as per ERV provisions contained in Annexure I to Appendix L of RFP, where permissible, shall be paid, only in INR.</td>
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<td>2</td>
<td>The components of total contract price are as follows:-</td>
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<td><em>(a) Value of goods supplied - Basic cost of Goods including ESP, as per the Contract.</em></td>
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<td><em>(b) Freight and Insurance - As per the Contract.</em></td>
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<td><em>(c) Training charges and technical literature.</em></td>
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<td><em>(d) Reimbursable expenses - Taxes and duties as admissible under the Contract.</em></td>
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<td><em>(e) AMC charges-As per the Contract.</em></td>
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<td><em>(f) Installation and Commissioning charges- As per the Contract.</em></td>
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<tr>
<td>Clause</td>
<td>Where Supplier opts for payment through Letter of Credit</td>
<td>Where Supplier opts for payment through Bank transfer</td>
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</table>
| 3      | The total contract price referred to in Article 1 of the contract shall be paid as follows:-
|        | (a) **Advance Payment.** ___% of total value of goods supplied being ₹------shall be paid to the SELLER, through Bank Transfer, within 30 days of the receipt of the following documents:
|        | (b) Advanced Bank Guarantee as per Article 3B of the Contract.
|        | (c) Performance cum Warranty Bond as per Article 4 B of the Contract.
|        | (d) Any other specific document (like proforma invoice) if required.
|        | *(Note: The second stage advance payment after completion of specific milestone may also be paid through Bank Transfer.)* |
| 4      | For the second/next stage payment the SELLER has the option to seek payment either through Bank transfer from the O/o of PCDA _________ or through Letter of Credit. |
| 5      | Where the SELLER opts for payment through LC, all payments except for the first stage payment as per clause 3 above shall be made by LC, as per the following conditions:-
|        | (a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.
|        | (b) Consequent on receipt of the above notification, the BUYER shall open the Letter of Credit through PCDA before expiry of this period of 45 days provided a 5% Performance cum Warranty Bond for the Full value of the Contract has been received.
|        | (c) The Letter of Credit will be opened with a Public Sector bank for ___% of the Contract value with the SELLER’s Bank, i.e.__________________ & Seller’s Account No. ____________. It will be valid for a period of_________ days/months from the date of opening.
|        | *(Note: Since the LC charges are fixed on per quarter basis, it may be ensured that LC validity is fixed in multiples of 90,180,270 days/months depending upon the delivery schedule. In case the delivery is in multiple consignments and there is a long delivery schedule more than one LC or revolving Letter of Credit can be opened.)*
|        | (d) The payment against LC shall be made to the SELLER against presentation of the documents specified. |
|        | Where the SELLER opts for payment through Bank Transfer payment shall be made as per following conditions:-
|        | (a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.
<p>|        | (b) Once a Supplier opts for payment through Bank Transfer, no changes in mode of payment would be permitted. |</p>
<table>
<thead>
<tr>
<th>Clause</th>
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<th>Where Supplier opts for payment through Bank transfer</th>
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<tbody>
<tr>
<td></td>
<td>(e) In the event of delay in opening the Letter of Credit (reasons for which are solely attributable to Buyer), the delivery date will automatically stand extended to that extent. Formal amendment/certification from Buyer will be required as shipment date would have to be amended in SWIFT form accordingly.</td>
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<td>(f) All expenses connected with establishment of the Letter of Credit in India will be borne by the SELLER.</td>
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<td>(g) Where the extension of the validity of Letter of Credit is necessitated, the Bank charges for extension shall be borne by the party whose default causes such an extension.</td>
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<td>(h) Once a Supplier opts for payment through LC, no mid-way changes in mode of payment are permitted.</td>
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<td>(j) The Letter of Credit shall be subject to and shall be governed by the instant Uniform Customs and Practices for Documentary Credits issued by the International Chamber of Commerce.</td>
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<td>(k) Any amendment in LC terms will be subject to Buyer’s approval.</td>
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<td>6</td>
<td>All payments will be carried out with reference to the number of this contract.</td>
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<td>7</td>
<td>The Second/next Stage payment comprising ____% of the value of goods supplied and full freight and insurance (where admissible) thereon, shall be paid to the Seller on submission of the following documents, in six copies each:</td>
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<td>(a) Commercial invoices in original.</td>
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<td>(b) Contractor’s bill in original.</td>
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<td>(c) Certificate of Conformity and Acceptance test report at the Pre Despatch Inspection signed by BUYER’s and the SELLER’s Quality Assurance Department. In case BUYER’s representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and acceptance certificate issued by the SELLER.</td>
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<td>(d) Proof of Despatch (original copies of RR, P. Way bill of Lading, Airway bill as applicable).</td>
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<td>(e) Packing List.</td>
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<td>(f) Warranty certificate from the supplier.</td>
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<td>(g) Certificate of current manufacture from OEM.</td>
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<td></td>
<td>(h) Insurance documents for 110% of the cost of consignment, except where the supply is Ex-Works.</td>
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<tr>
<td>Clause</td>
<td>Where Supplier opts for payment through Letter of Credit</td>
<td>Where Supplier opts for payment through Bank transfer</td>
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<td>(j) Proof of Duty/Tax paid/reimbursable like deposition receipt/challan etc.</td>
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<td>Note:</td>
<td>(i) The Invoice and Contractor’s bill must show the contract reference number, break-up of costs in terms of unit costs, total costs, exchange rate element, percentage rates of taxes and duties and amount payable/paid, in complete detail. (ii) Three copies of SELLER’s Commercial Invoices, proof of dispatch, packing list and the specifications will be sent by courier and fax by the SELLER to the BUYER (Wing of Service HQ to be specified) within 3 days after the equipment has been shipped. Intimation may also be forwarded to Ministry of Defence, South Block, New Delhi (Wing to be specified).</td>
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<td>8</td>
<td>Payment of other components of contract- (a) Training. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative that training program has been completed. (b) Reimbursable Expenses. Based on documentary proof of actual payment against the contract, issued by relevant statutory authority. Suppliers may ensure submission of same with details of contractual obligations completed and payments received. <strong>This clause shall form part of LC.</strong> (c) Installation and Commissioning Charges. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative. <strong>Documents in proof of rates claimed shall need to be annexed.</strong> (d) AMC Charges. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative.</td>
<td>Payment of other components of contract- (a) Training. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative that training program has been completed. (b) Reimbursable Expenses. Based on documentary proof of actual payment against the contract, issued by relevant statutory authority. Suppliers may ensure submission of same with details of contractual obligations completed and payments received. (c) Installation and Commissioning Charges. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative. (d) AMC Charges. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative.</td>
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<td>9</td>
<td>Balance Payment. The balance payment for ___% shall be paid to the SELLER against presentation of following documents:- (a) Copies of invoices (three copies). (b) Copy of JRI and acceptance certificate issued by the BUYER. (c) Contractor’s bill (d) Extended bank guarantee wherever required</td>
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<tr>
<td>10</td>
<td>SELLER’s bankers address and account number: - Bank Name: Branch Name: Account No.: Sort Code: SWIFT Code: IFSC Code RTGS No</td>
<td>SELLER’s bankers address and account number:- Bank name: Branch name: Bank account No.: IFSC Code MICR Code</td>
</tr>
<tr>
<td>11</td>
<td>Where admissible, tax deduction at source will be done by the Bank releasing payment against LC.</td>
<td>Where admissible, tax deduction at source will be done by PCDA.</td>
</tr>
<tr>
<td>Clause</td>
<td>Where Supplier opts for payment through Letter of Credit</td>
<td>Where Supplier opts for payment through Bank transfer</td>
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<tr>
<td>12</td>
<td>Payment/recovery in terms of the Contract will be made <strong>by the Bank releasing payment against LC</strong>. All documents under the LC shall be delivered by the Bank to PCDA (through Trade Finance CPC, New Delhi).</td>
<td>Payment/recovery in terms of the Contract will be made <strong>by PCDA</strong>.</td>
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</tbody>
</table>

2. **Performance-cum-Warranty Bank Guarantee Clause.** A Performance-cum-Warranty Bank Guarantee (PWBG) of 5 % of value of the Total Contract Price (excluding taxes and duties and Total Price of AMC/CMC/PBL), would be furnished by the Bidder in the form of a Bank Guarantee to sequentially act as Performance Bank guarantee till the delivery and as Warranty Bank Guarantee on delivery. The Bidder has the option to furnish multiple Bank Guarantees. The PWBG shall be submitted by the Bidder within one month of signing of contract and shall be valid for a period, until three months beyond the warranty period, as specified in the RFP. If at any stage, the Performance Guarantee is invoked by the Buyer either in full or in part, the Seller shall make good the shortfall in PWBG within 30 days by an additional Bank Guarantee for equivalent amount. In the event of failure to submit the required Bank Guarantee against invoked Performance Guarantee, equivalent amount will be withheld from the next stage payment till the shortfall in the Bank Guarantee is made good by the Seller. The prescribed format of the Performance-cum-Warranty Bank Guarantee is placed at **Annexure III to Appendix M**.

3. **Additional Bank Guarantee in Cases Where Essential Parameters -B are Incorporated.** An Additional Bank Guarantee of _____% of Total Contract Price (excluding total Price of AMC/CMC/PBL) of the equipment required with Essential Parameters B would be furnished by the L1 vendor in the form of a Bank Guarantee. The prescribed format of the Performance-cum-Warranty Bank Guarantee is placed at **Annexure V to Appendix M**. The Bidder has the option to furnish multiple Bank Guarantees. Additional Bank Guarantee would be submitted after declaration of L1 by the CNC and shall be valid for a period, until ____ months after signing of the contract. However, in cases where the equipment fielded by the vendor emerging L1 has already been trial evaluated for Essential Parameters B and found compliant to same, the vendor will not furnish an Additional Bank Guarantee for Essential Parameters B.

4. **Performance Bank Guarantee for AMC/CMC/PBL (where applicable)**. The Bidder will be required to furnish a Performance Guarantee by the way of a Bank Guarantee of a sum equal to 5% of the Total Price of AMC/CMC/PBL (excluding taxes) prior to expiry/return of the PWBG of the Main Contract. Performance Bank Guarantee should be valid for 03 months beyond the period of the AMC/CMC. The format of the Performance Bank Guarantee is to be as per Annexure III to Appendix M.

5. **Indemnity Bond.** *(Note - This para is to be included only in the Single Vendor/PAC cases with Defence PSUs/ JVs with DPSUs or PSUs or Government Entities being issued RFP as a Nominated Production Agency or on an ab-initio single vendor basis. In competitive bidding cases, Para 2 above will be applicable to all entities).* DPSUs/JV with DPSUs/PSUs/Governement Entity may furnish Indemnity Bonds instead of Bank Guarantees towards Advance Payment Guarantee and Performance-cum-Warranty Guarantee as given in **Annexure IV to Appendix M**.
6. **Inspection.** Pre Dispatch Inspection (PDI) would be at the discretion of the Buyer. In addition Joint Receipt Inspection (JRI) may also be carried out. If it is PDI, the Seller should intimate at least 45 days prior to the day when the equipment is to be offered for PDI to enable Buyer’s QA personnel to be available for inspection. All the expenses towards PDI will be borne by the Bidder except transportation and accommodation of Buyer’s PDI team, which will be deputed at Buyer’s expense. In case of rejection of Goods during PDI, re-PDI will be undertaken at Bidder’s premises at Buyer’s sole discretion. All expenses including transportation and accommodation of Buyer’s PDI team will be borne by the Bidder. Towards this, the expenses towards transportation and accommodation of Buyer’s PDI team will be initially done by the Buyer and subsequently reimbursed by the Bidder either by remittance or by recovery from the Balance Payment/PWBG. In the event of a failed PDI, the Bidder shall consult the Buyer for rescheduling re-PDI. In case of JRI, the representative of the Seller may be present for inspection after the equipment reaches the concerned destination. The Seller would be informed of the date for JRI.

7. **Liquidated Damages (LD).** In the event of the SELLER’s failure to submit the Bonds, Guarantees and Documents, supply the stores/ goods, perform services, conduct trials, installation of equipment, training and MET as per schedule specified in this contract, the BUYER may, at his discretion withhold any payment until the completion of the contract. The BUYER may also deduct from the SELLER as agreed, liquidated damages to the sum of \( \frac{1}{100} \) of the delay percentage \{Delay percentage = \frac{(Period of Delay in Delivery in Weeks) \times 100}{(Delivery Period in weeks as per contract)} \} of the contract price of the delayed/ undelivered stores/ services mentioned above for every week of delay or part of a week, subject to the maximum value of the Liquidated Damages being not higher than 10% of the contract price of the value of delayed stores/ services (Any extension given by the buyer for delay attributable to buyer or Force Majure Clause to be factored in delivery period).

8. **LD for AMC/CMC/PBL [where applicable].**

The clause for LD for AMC/CMC/PBL is to be formulated on case to case basis. A sample formulation is given below.

In case the cumulative downtime exceeds ___ (working days) in the ____ (Quarter/Half-year/Year), Liquidated Damages will be deducted. The total downtime will be calculated at the end of the ____ (Quarter/Half-year/Year) and total LD will be deducted. The total LD to be deducted will be calculated as follows:-

(a) LD would be deducted on pro-rate basis for the duration, by which cumulative downtime exceeds ___ (working days), as follows:-

(i) Per year AMC/CMC = ‘\(X_1\)’

(ii) Period by which cumulative downtime exceeds the specified cumulative downtime, in days = ‘\(Y_1\)’

(iii) Liquidated Damage = ‘\(Z_1\)’

Where \(Z_1 = \{(X_1/\text{Number of days in the year}) \times Y_1\}\)

(b) In addition, LD penalty would be deducted to the sum of 0.1% of the per annum AMC/CMC cost per day, for the duration, by which cumulative downtime
exceeds the maximum permissible cumulative downtime per quarter/half-year/year, subject to the maximum value of this LD penalty not being higher than 5% of the annual AMC/CMC cost.

9. **Denial Clause.** In case the delay in delivery is attributable to the seller or a non-force majeure event, the Buyer may protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause (PVC) and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the Buyer reserves his right to get any benefit of downward revisions in statutory duties, PVC and foreign exchange rate. Thus, PVC, other variations and foreign exchange clauses operate only during the original delivery period. The format for extension of delivery period/performance notice under the Denial clause is at **Annexure VI to Appendix M**.
GUIDELINES OF PROTECTION OF EXCHANGE RATE VARIATION IN CONTRACTS

1. Parameters to be kept in view while formulation ERV Clause.

   (a) In contracts with Indian Vendors in all categories of capital acquisitions where there is an import content, ERV clause will be provided. However, ERV clause shall not be applicable to contracts in following conditions:

   (i) The delivery period is less than one year; or

   (ii) The rate of exchange variation is within the band of +/- 2.5%.

(b) ERV clause will be framed according to the specific requirements of the contract. While calling for information at the RFP stage/formulation of ERV clauses in the contracts, the following factors are to be taken into consideration depending upon the requirements of the individual contracts:

   (i) Year wise and major currency wise import break up is to be indicated.

   (ii) Detailed time schedule for procurement of imported material and their value at the FE rates adopted for the contract is to be furnished by the vendor as per the format given below:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL COST OF IMPORTED MATERIAL (In rupees)</th>
<th>FE CONTENT-OUT FLOW (equivalent in rupees ₹ in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>DOLLAR DENOMINATED</td>
</tr>
</tbody>
</table>

   (iii) ERV clause will not be applicable in case delivery periods for imported content are subsequently to be refixed/extended unless the reasons for delivery period extension are attributable to the buyer.

   (iv) For purposes of ensuring uniformity, the Base Exchange Rate on the ERV reckoning date will be adopted for each of the major foreign currencies. The Base Exchange Rate will be the BC Selling Rate of the Parliament Street Branch of State Bank of India, New Delhi. The ERV reckoning date will be the last date of submission of commercial bids as per RFP. In cases where
Option Clause is exercised, the date of reckoning of ERV will be the last date of submission of bids for the RFP of the Original Procurement Case.

(v) ERV clause in the contract is to clearly indicate that ERV is payable/refundable depending upon exchange rate as prevalent on the date of transaction with reference to Base Exchange Rate on the ERV reckoning date.

(vi) Other issues which are peculiar to the contract.

2. **Methodology For Claiming ERV**

“The prices finalised in the contract are based on the base exchange rates indicated in the contract. The year-wise amount of foreign exchange component of the imported items as indicated in the contract shall be adjusted for the impact of exchange Rate Variation of the Rupee based on the exchange rate prevailing on the date of each transaction, as notified by the SBI, Parliament Street Branch, New Delhi. The impact of notified Exchange Rate Variation shall be computed on an yearly basis for the outflow as tabulated in Annexure….. (The table at Para 1(b) (ii) is to be an Annexure to the contract) and shall be paid/refunded before the end of the financial year based on the certification of Finance Head of the concerned Division…..”.

3. Paying authority is to undertake a pre-audit of the documents before payment.

4. Documentation for Claiming ERV. The following documents would need to be submitted in support of the claim on account of ERV:-

   (a) A bill of ERV claim enclosing worksheet.

   (b) Banker’s Certificate/debit advice detailing Foreign Exchange paid and Exchange rate as on date of transaction.

   (c) Copies of import orders placed on the suppliers.

   (d) Invoice of supplier for the relevant import orders.

   ****
Annexure II to Appendix M
(Refers to Para 1.4.1 and 1.5.1 of Appendix M)

BANK GUARANTEE FORMAT FOR ADVANCE

To

The ___________________
Ministry of _______________
Government of India
________________________(complete postal address of the beneficiary)

1. “Whereas President of India represented by the _________ Ministry of ______________ Government of India (hereinafter referred to as BUYER) have entered into a Contract No. ___________ (No. of Contract), dated _____________ (Date of Contract) with M/s ____________ (Name of SELLER) (referred to as SELLER) and whereas according to the said Contract the BUYER has undertaken to make an advance payment of Rs. ______________ being payment of ___________% of the total value of Rs. ______________ of the said Contract, against issuance of an advance guarantee by a bank.”

2. We _____________________________ (indicate the name of the bank) do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the BUYER intimating that the SELLER is in breach of the Contractual obligations stipulated in the said Contract. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our total liability under this guarantee shall be restricted to an amount not exceeding Rs. ______________.

3. We undertake to pay to the BUYER any money so demanded notwithstanding any dispute or disputes raised by the SELLER in any suit or proceedings pending before any Court or Tribunal relating thereto our liability under this present being absolute and unequivocal. The payment so made by us under this bond shall be valid discharge of our liability for payment there under and the SELLER shall have no claim against us for making such payment.

4. We, further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Contract and that it shall continue to be enforceable till all the dues of the BUYER under or by virtue of the said Contract have been fully paid and its claims satisfied or discharged or till _________________ office / Department / Ministry of _______________ certifies that the terms and conditions of the said Contract have been fully and properly carried out by the said SELLER and accordingly discharges this guarantee.

5. We, further agree with the BUYER that the BUYER shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary
any of the terms and conditions of the said Contract or to extend time of performance by the said SELLER from time to time or to postpone for any time or from time to time any of the powers exercisable by the BUYER against the said SELLER and to forbear or enforce any of the terms and conditions relating to the said Contract and we shall not be relieved from our liability by reason of any such variation, Amendment issued vide MoD ID No. 4(50)/D(Acq)/08 dated 20.06.2016 or extension being granted to the said SELLER or for any forbearance, act or omission on the part of the BUYER or indulgence by the BUYER to the said SELLER or by any such matter or thing whatsoever which under law relating to sureties would, but for this provision, have effect of so relieving us.

6. The amount of this guarantee will be progressively reduced by (percentage of advance) _____________ of total value of each part shipment/services against the stage payment released by the BUYER for that shipment/services made by the SELLER and presentation to us of the payment documents.

7. This guarantee will not be discharged due to the change in the constitution of the bank or the BUYER/SELLER.

8. We, undertake not to revoke this guarantee during the currency except with the previous consent of the BUYER in writing.

9. Notwithstanding anything contained herein above:-

   (a) Our liability under this Guarantee shall not exceed Rupees _____________ (in words) ________________________________

   (b) This Bank Guarantee shall remain valid until ____________ (hereinafter the expiry date of this guarantee) the Bank Guarantee will cease to be valid after ____________ irrespective whether the Original Guarantee is returned to us or not.

   (c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ______________ (Expiry Date).

Dated the ________day of ________ (month and year)

Place:

Signed and delivered by ____________ (Name of the bank)

Through its authorised signatory

(Signature with seal)

****
To

The ___________________
Ministry of _______________
Government of India
_________________ (complete postal address of the beneficiary)

Dear Sir,

1. Whereas President of India represented by the _____________ Ministry of ______________, Government of India (hereinafter referred to as BUYER) have entered into a Contract No. __________________________dated _______________ (hereinafter referred to as the said Contract) with M/s. _______________________ (hereinafter referred to as the SELLER) for supply of goods as per Contract to the said BUYER and whereas the SELLER has undertaken to produce a bank guarantee amounting to Rs. ___________________ which is 5% of the Total Contract Price to cover 5% of total Contract value each for Performance and Warranty in sequence, to secure its obligations towards Performance-cum-Warranty to the BUYERs.

2. We, the _______________ bank hereby expressly, irrevocably and unreservedly undertake the guarantee as principal obligors on behalf the SELLER that, in the event that the BUYER declares to us that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the BUYER by reason of breach/failure to perform by the said SELLER of any of the terms and conditions in the Contract related to Performance and Warranty clauses, we will pay you, on demand and without demur, all and any sum up to (5% of total Contract Value) _____________________________ Rupees only at any instance under this Guarantee. Your written demand shall be conclusive evidence to us that such repayment is due under the terms of the said Contract. We shall not be entitled to ask you to establish your claim or claims under this guarantee but will pay the same forthwith without any protest or demur. We undertake to effect payment upon receipt of such written demand.

3. We shall not be discharged or released from the undertaking and guarantee by any arrangements, variations made between you and the SELLER, indulgence to the SELLER by you, or by any alterations in the obligations of the SELLER or by any forbearance whether as to payment, time performance or otherwise.

4. We further agree that any such demand made by the BUYER on the Bank shall be conclusive, binding, absolute and unequivocal notwithstanding any difference or dispute or controversy that may exist or arise between you and the SELLER or any other person.

5. In no case shall the amount of this guarantee be increased.

6. This Performance-cum-Warranty guarantee shall remain valid for a period until three months beyond the warranty period as specified in the Contract i.e. upto __________.
7. Subject to the terms of this Bank Guarantee, the issuing bank hereby irrevocably authorizes the beneficiary to draw the amount of upto Rs. _________ (5% of total Contract value) for breach/failure to perform by the SELLER of any of the terms and conditions of the Contract related to performance and warranty clause. Partial drawings and multiple drawings under this Bank Guarantee are allowed within the above stated cumulative amount subject to each such drawing not exceeding 5% of the total Contract value (Rs. _______ only) (Mention BG amount).

8. This guarantee shall be continuing guarantee and shall not be discharged by any change in the constitution of the Bank or in the constitution of M/s _____________. We undertake not to revoke this guarantee during the currency except with previous consent of BUYER in writing.

9. Notwithstanding anything contained herein above:

   (a) Our liability under this Guarantee shall not exceed Rs. _________ (Rupees ___________ only (in words).

   (b) This Bank Guarantee shall remain valid until 3 months from the date of expiry of warranty period of the Contract, i.e upto ________ (mention the date) which is 3 months after expiry of the warranty period and the BG shall cease to be valid after ________________ irrespective whether the Original Guarantee is returned to us or not.

   (c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ________________ (Expiry Date).

Dated the ____________ day of ___________ (month and year)

Place :

Signed and delivered by __________ (name of the bank)

Through its authorised signatory

(Signature with seal)
INDEMNITY BOND FOR PERFORMANCE-CUM-WARRANTY

1. This deed made on this _____ day of _____ by M/s _____________, a company registered under The Companies Act 2013 having its registered office at _____________ and acting through its corporate office at _____________ hereinafter referred to as the "SELLER").

2. Whereas MoD, New Delhi acting on behalf of the President of India (hereinafter referred to as "BUYER") has placed a Contract No ___________ dated ____________.

3. And whereas, the SELLER has agreed to execute this Indemnity Bond for performance-cum-warranty on the terms and conditions appearing hereinafter.

4. It is hereby agreed and declared by the SELLER that:-

(a) The SELLER shall duly and faithfully perform its obligation under the said contract and comply with the conditions in the said contract.

(b) The SELLER shall, in as much as with its control, refrain from such actions or actions as may cause loss, injury, damage to the BUYER.

(c) In the event of breach/default by the SELLER in complying and in case the breach/default is not remedied by the SELLER up to period of the notification of the breach/default by the BUYER, the SELLER shall indemnify to the BUYER, to the extent of {_______ (₹ _____________ only) being ______ % of the contract value of _______ (₹ _____________ only) of any direct losses or damages suffered by the BUYER due to failure of the SELLER.

(d) The SELLER shall be fully discharged of its obligations under this bond on meeting its liability as per Para c above which shall be restricted to the limit as provided at Para c above.

(e) The SELLER shall not be liable for any breach/default arising out of force majeure situation or due to any default, action, inaction or failure on the part of the BUYER. The liability of the SELLER under this bond shall remain and in full force until the fulfilment of the obligations of the SELLER under the said Contract.

(f) The SELLER hereby expressly, irrevocably, and unreservedly undertake and guarantee that in the event that the beneficiary submits a written demand to SELLER stating that they have not performed according to the warranty obligations for the PRODUCTS as per said Contract, SELLER will pay BUYER on demand and without demur any sum up to maximum amount of ____ % of the contract value. BUYER'S written demand shall be conclusive evidence to SELLER that such repayment is due under the terms of the said contract. SELLER undertakes to effect payment within ____ days from receipt of such written demand.
(g) The amount of warranty/guarantee shall not be increased beyond ___ %. Unless a demand under this warranty/guarantee is received by SELLER in writing on or before the expiry date (unless this warranty/guarantee is extended by the SELLER) all rights under this guarantee shall be forfeited and SELLER shall be discharged from the liabilities hereunder. This warranty/guarantee is personal to the BUYER and not assigned to a third party without prior written permission.

5. This Indemnity Bond for Performance-cum-Warranty guarantee shall be governed by Indian Law.

For ---------------------
Signature:        Signature :
Name:         Name :
Witness

1.

2.

****
FORMAT FOR ADDITIONAL BANK GUARANTEE FOR
ESSENTIAL PARAMETER-B CASES

To

The ___________________,
Ministry ___________________,
Government of India,
________________ (complete postal address of the beneficiary)

1. Whereas President of India represented by the _____________ Ministry of ________________, Government of India (hereinafter referred to as BUYER) have entered into a Contract No _______________________ dated ___________________ hereinafter referred to as the said Contract) with M/s _________________ (hereinafter referred to as SELLER) for supply of goods as per Contract to the said BUYER and whereas the SELLER has undertaken to produce a bank guarantee for (%) of total Contract value amounting to Rs._________ to secure its obligations towards meeting the Essential Parameter B to the BUYER.

2. We, the _________________ bank hereby expressly, irrevocable and unreservedly undertake and guarantee as principal obligors on behalf of the SELLER that, in the event that the BUYER declares to us that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the BUYER by reason of breach/failure to perform by the said SELLER of any of the terms and conditions in the Contract related to meeting the Essential Parameter B, we will pay you, on demand and without demur, all and any sum up to a maximum of Rupees _______ only. Your written demand shall be conclusive evidence to us that such repayment is due under the terms of the said Contract. We shall not be entitled to ask you to establish your claim or claims under this guarantee but will pay the same forthwith without any protest or demur. We undertake to effect payment upon receipt of such written demand.

3. We shall not be discharged or release from the undertaking and guarantee by any arrangements, variations made between you and the SELLER, indulgence to the SELLER by you, or by any alternations in the obligations of the SELLER or by any forbearance whether as to payment, time performance or otherwise.

4. We further agree that any such demand made by the BUYER on the Bank shall be conclusive, binding, absolute and unequivocal notwithstanding any difference or dispute or controversy that may exist or arise between you and the SELLER or any other person.

5. In no case shall the amount of this guarantee be increased.

6. This Guarantee shall remain valid until _____________ as specified in the Contract.
7. This guarantee shall be continuing guarantee and shall not be discharged by any change in the constitution of the Bank or in the constitution of M/s ____________________. We undertake not to revoke this guarantee during the currency except with previous consent of BUYER in writing.

8. Notwithstanding anything contained herein above:-

(a) Our liability under this Guarantee shall not exceed Rupees ____________ (in words) ________________.

(b) This Bank Guarantee shall remain valid until ________________ (hereinafter the expiry date of this guarantee). The Bank Guarantee will cease to be valid after ____________ irrespective whether the Original Guarantee is returned to us or not.

(c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ____________ (Expiry Date).

Dated the _____________ day of ______________ (month and year)

Place:

Signed and delivered by ____________ (Name of the Bank)

Through its authorized signatory

(Signature with seal)

****
FORMAT FOR EXTENSION OF DELIVERY PERIOD/PERFORMANCE NOTICE

Name of the Procuring Entity...........................................................................................................................................

Extension of Delivery Period/Performance Notice

To
M/s (name and address of firm)

Sub: Contract No.................... dated...........for the supply of...................

Ref: Your letter no. .............................................. dated: ..................

Dear Sir,

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In your letter under reply you have asked for [further] extension of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from (fill in date) to (fill in date).

2. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to ....................... % (............... per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable), viz., (fill in date) will be recovered from you as liquidated damages. You may now tender the Stores for inspection [balance of the Stores] in terms of this letter. Stores if any already tendered by you for inspection but not inspected will be now inspected accordingly.

3. You are also required to extend the validity period of the performance guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within15 (fifteen) days of issue of this amendment letter.

4. The above extension of delivery date will also be subject to the following Denial Clause:-

    (a) That no increases in price on account of any statutory increase in or fresh Imposition of customs duty, GST or on account of any other taxes/duty, including custom duty), leviable in respect of the Stores specified in the said contract which takes place after (insert the original delivery date) shall be admissible on such of the said Stores, as are delivered after the said date; and,

    (b) That notwithstanding any stipulation in the contract for increase in price on any other ground including foreign exchange rate variation, no such increase which takes place after (insert the reckoning date as per DPP 2016) shall be admissible on such of the said Stores as are delivered after the said date.
(c) But nevertheless, the Buyer shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, GST or on account of any other Tax or duty or on any other ground as stipulated in the price variation clause or foreign exchange rate variation which takes place after (insert the original delivery date).

5. All other terms and conditions of the contract remain unaltered. This is without any prejudice to Buyer’s rights under the terms and conditions of the subject contract.

6. Please intimate your unconditional acceptance of this amendment letter within 10 (ten) days of the issue of this letter failing which the contract will be cancelled at your risk and expense without any further reference to you.

Yours faithfully,
(Authorised Officer)
Duly authorised,
for and on behalf of
The President of India

**Note**: Select one option within { } brackets; delete portion within [ ] brackets, if not applicable; fill in ( ) brackets. Brackets and this note are not to be typed.

Substitute following first para instead of first para in format above, for issuing a performance notice.

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In spite of the fact that the time of delivery of the goods stipulated in the contract is deemed to be of the essence of the contract, it appears that (fill in the outstanding quantity) are still outstanding even though the date of delivery has expired. Although not bound to do so, the time for delivery is extended from (fill in date) to (fill in date) and you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods at your risk and cost.
# DELIVERY SCHEDULE AND STAGES OF PAYMENT

1. The terms of payment may vary between each project depending upon a variety of factors such as complexity of equipment/system, requirement of validation trials for establishing ‘proof of concept’, delivery period, integration requirements etc. However, some broad guidelines for payments terms are appended in subsequent Paras.

2. **For Delivery in a Single Lot**

<table>
<thead>
<tr>
<th>Sl</th>
<th>Activity</th>
<th>Delivery Timelines ($T_0 + Wks$)</th>
<th>Scheme for Payment</th>
<th>Scheme for submission and Return of Advance Payment Bank Guarantees</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Signing of contract</td>
<td>10% of the total contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td></td>
<td>Bidder may choose to provide multiple APBGs, if return is expected with each delivery</td>
</tr>
<tr>
<td>(b)</td>
<td>On submission of Detailed Project report (DPR) and Project PERT Chart.</td>
<td>5% of the total contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td></td>
<td><strong>In case this stage is not required, 15% of total contract price can be made on signing of contract.</strong></td>
</tr>
<tr>
<td>(c)</td>
<td>On Delivery/Dispatch (as applicable) of all equipment/system (and associated spares if applicable)</td>
<td>55 to 75% of the cost of Equipment/System (and associated spares if applicable)</td>
<td>APBG is to be returned on completion of delivery of all equipment/system (and associated spares if applicable). In case delivery of documentation and/or training can be completed only on commissioning of the equipment and cost of documentation/training is substantial (5%-8%, as specified), then APBG is to be returned on pro-rata basis as per completion of delivery</td>
<td></td>
<td>Percentage of payment for delivery of equipment/system shall be decided on the complexity/scope of installation, STW and commissioning. <strong>In case Installation/STW/Commissioning is not required, the complete payments are to be done on completion of deliveries and APBG(s) are to be returned.</strong></td>
</tr>
<tr>
<td>(d)</td>
<td>On delivery of documentation &amp; Training</td>
<td>55 to 75% of the cost of documentation and training</td>
<td></td>
<td></td>
<td><strong>See Amplifying</strong></td>
</tr>
</tbody>
</table>
of equipment, documentation and training.

| (e)  | On Installation/STW/Commissioning and Final Acceptance and completion of delivery of documentation and training. | 10 to 30% of the cost of deliverables | See Amplifying Instructions at Note below. |

3. **For Delivery in Lots/ Batches**

<table>
<thead>
<tr>
<th>Sl</th>
<th>Activity</th>
<th>Delivery Timelines ((T_0 + \text{ Wks}))</th>
<th>Scheme for Payment</th>
<th>Scheme for submission and Return of Advance Payment Bank Guarantees</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Signing of contract</td>
<td>15% of the total contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>Bidder may choose to provide multiple APBGs, if return is expected with each delivery</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>On submission of Detailed Project report (DPR) and Project PERT Chart.</td>
<td>5% of the total contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>In case this stage is not required, 15% of total contract price can be made on signing of contract.</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>On Delivery of all equipment/ system</td>
<td></td>
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</tr>
<tr>
<td>(i)</td>
<td>1st Lot/ Batch</td>
<td>55 to 75% of the cost of Equipment/ System of the Lot</td>
<td>APBG is to be returned on pro-rata basis on delivery of each lot/batch. APBG pertaining to documentation and training can be returned on delivery of a particular lot/batch (to be specified). In case delivery of documentation and/or training can be completed only on commissioning of the</td>
<td>Percentage of payment for delivery of equipment/ system shall be decided on the complexity/ scope of installation, STW and commissioning.</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>2nd Lot/ Batch</td>
<td>55 to 75% of the cost of Equipment/ System of the Lot</td>
<td></td>
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</tr>
<tr>
<td>(d)</td>
<td>Delivery of Documentation</td>
<td>85% of the cost of Documentation</td>
<td></td>
<td>See Amplifying Instructions at Note below.</td>
<td></td>
</tr>
<tr>
<td>Sl</td>
<td>Activity</td>
<td>Delivery Timelines ($T_0 + Wks$)</td>
<td>Scheme for Payment</td>
<td>Scheme for submission and Return of Advance Payment Bank Guarantees</td>
<td>Remarks</td>
</tr>
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<td>-----------------</td>
<td>------------------------------------------------</td>
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</tr>
<tr>
<td>(e)</td>
<td>Completion of Training</td>
<td>85% of the cost of Training</td>
<td>equipment and cost of documentation/training is substantial (5%-8%, as specified), then APBG is to be returned on pro-rata basis as per completion of delivery of equipment, documentation and training.</td>
<td></td>
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</tr>
<tr>
<td>(f)</td>
<td>On Installation/ STW/ Commissioning and Final Acceptance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Lot/ Batch</td>
<td>10 to 30% of the cost of Equipment / System of the Lot</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Lot/ Batch</td>
<td>10 to 30% of the cost of Equipment / System of the Lot</td>
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</table>

**Notes:**

1. **Indicative Payment Terms for Projects with Installation and Commissioning.** If installation, Integration, STW, Commissioning and Acceptance trials of delivered goods does not involve establishing fructification of a new concept/Development project/validating a proof of concept/IDDM concept, about 10 to 15% of total value of the goods is to be retained for installation, integration, STW, Commissioning and Acceptance.

2. **Indicative Payment Terms for Projects with Installation and Commissioning Involving Validation of Design/ Proof of Concept.** If installation, Integration, STW, Commissioning and Acceptance trials of delivered goods involves establishing fructification of a new concept/Development project/validating a proof of concept/IDDM concept, about 25 to 30% of total value of the goods is to be retained for installation, integration, STW, Commissioning and Acceptance.

3. **Deliveries in Lots/Batches – Definition of Lot/Batch.** In case delivery is in lots/batches and payment is being made as per the lots/batches, completion of common deliverables like documentation and Training can be linked to completion of a particular Lot/Batches required, to be indicated by linking with relevant sl. of the lot/batch. If such linking of deliverables is not indicated in the above table, each delivery, including documentation and training shall be deemed as independent deliverable.
4. **Recommended Methodology for Payment in Case of delayed Commissioning.** If in spite of all efforts to logically evolve the delivery schedule, the goods are ready for delivery and corresponding infrastructure/associated system/platform is not available for installation and integration in a reasonable time, the supplier cannot be denied payment for work accomplished in conformity with the contract schedule. If the next stage of work cannot be executed by the supplier due to delay on the part of the buyer in providing requisite infra/associated system/platform for STW, commissioning and Acceptance trials in as reasonable time, the payment terms should cater for making certain part of the associated stage payment (even before accomplishing requisite work) against submission of a bank guarantee for equivalent amount and firm undertaking from the supplier that they will fulfil all the obligations immediately on availability of requisite infra/associated system/platform.

(If provisions as per Sl 4 above are envisaged, the same shall be included in the RFP as ‘Special Conditions of the RFP’.)
EVALUATION CRITERIA AND PRICE BID FORMAT

1. **Evaluation Criteria.** The guidelines for evaluation of Bids will be as follows:-

1.1. Only those Bids will be evaluated, which are found to be fulfilling all the eligibility and qualifying requirements of the RFP, both technically and commercially. The bidder, whose price is arrived as lowest as per Evaluation criteria given in this Appendix, will be declared as L-1 bidder by Buyer.

1.2. **In Buy ‘Global’ Cases.** While carrying out evaluation of bids to determine L1 (including where DCF Technique is applicable), the following criteria would be followed:-

   1.2.1 **If Custom Duty Exemption is Not Applicable for the Major Deliverables**

      1.2.1.1 **In Case of Foreign Bidders.** All costs, taxes (including GST) and duties quoted by foreign bidders at Serials A to M of Para 2 below [including the basic cost on DDP basis and the Basic Custom Duty (BCD) & IGST (as applicable)] would be considered for purpose of comparison of various bids. All the foreign bids will be brought to a common denomination in Indian Rupees by adopting Base Exchange Rate as BC Selling rate of the State Bank of India, Parliament Branch, New Delhi, on the ERV reckoning date (as defined in Annexure I to Appendix M), ie, the last date of submission of commercial bids as per RFP.

      1.2.1.2 **In Case of Indian Bidders including Defence PSUs/OFs.** All costs, taxes (including GST) and duties quoted by the vendor at Serials A to M of Para 2 below would be considered for purpose of comparison of various bids.

   1.2.2 **If Custom Duty Exemption is Applicable for the Major Deliverables**

      1.2.2.1 **In Case of Foreign Bidders.** All costs of the Deliverables excluding taxes and duties (GST/IGST/BCD, as relevant) quoted by foreign bidders at Serials A to M of Para 2 below would be considered for purpose of comparison of various bids. All the foreign bids will be brought to a common denomination in Indian Rupees by adopting Base Exchange Rate as BC Selling rate of the State Bank of India, Parliament Branch, New Delhi, on the ERV reckoning date (as defined in Annexure I to Appendix M), ie, the last date of submission of commercial bids as per RFP.
1.2.2.2 **In Case of Indian Bidders including Defence PSUs/OFs**. All costs of the Deliverables excluding taxes (including GST) and duties quoted by the Bidder at Serials A to M of Para 2 below would be considered for purpose of comparison of various bids.

1.2.3 **Where DCF Technique as Given in Para 4 is Not Applicable**. L-1 bidder will be determined on the basis of quoted cost of all items (taxes and duties payable to Central/State/Local Governments to be included/excluded as per Para 1.2.1 and 1.2.2 above, as applicable) but with exclusion of BNE items sourced from common single source in accordance with Para 84 of Chapter II of DPP-20. The scope of BNE cost shall include the basic cost of the Main Equipment and OEM Training, Training Aggregates, Documentation, SMT/STE, Freight and OBS as applicable/as indicated in the RFP, which are exclusively sourced from the nominated vendor (OEM). No other cost including the cost of items sourced directly from third parties and the cost of activities jointly undertaken by the Bidder/Bidder’s sub vendor and the nominated vendor (OEM) or any third parties are to be included in the BNE cost.

1.2.4 **Where DCF Technique as Given in Para 4 is Applicable**. DCF technique will be applied on quoted cost of all items excluding taxes and duties payable to Central/State/Local Governments to be included/excluded as per Para 1.2.1 and 1.2.2 above, as applicable) to ascertain the NPV which would be used for determining L1 bidder, but with exclusion of BNE items sourced from common single source in accordance with Para 84 of Chapter II of DPP-20. The scope of BNE cost shall include the basic cost of the Main Equipment and OEM Training, Training Aggregates, Documentation, SMT/STE, Freight and OBS as applicable/as indicated in the RFP, which are exclusively sourced from the nominated vendor (OEM). No other cost including the cost of items sourced directly from third parties and the cost of activities jointly undertaken by the Bidder/Bidder’s sub vendor and the nominated vendor (OEM) or any third parties are to be included in the BNE cost.

1.3 **In ‘Buy (Indian-IDDM)’, ‘Buy (Indian)’ and ‘Buy& Make Indian Cases’**.

1.3.1 **Where DCF Technique as Given in Para 4 is Not Applicable**. L-1 bidder will be determined on the basis of quoted cost of all items excluding taxes and duties payable to Central/State/Local Governments but with exclusion of BNE items sourced from common single source in accordance with Para 84 of Chapter II of DPP-20. The scope of BNE cost shall include the basic cost of the Main Equipment and OEM Training, Training Aggregates, Documentation, SMT/STE, Freight and OBS as applicable/as indicated in the RFP, which are exclusively sourced from the nominated vendor (OEM). No other cost including the cost of items sourced directly from third parties and the cost of activities jointly undertaken by the Bidder/Bidder’s sub vendor and the nominated vendor (OEM) or any third parties are to be included in the BNE cost.

1.3.2 **Where DCF Technique as Given in Para 4 is Applicable**. DCF technique will be applied on quoted cost of all items excluding taxes and
duties payable to Central/State/Local Governments to ascertain the NPV which would be used for determining L1 bidder, but with exclusion of BNE items sourced from common single source in accordance with Para 84 of Chapter II of DPP-20. The scope of BNE cost shall include the basic cost of the Main Equipment and OEM Training, Training Aggregates, Documentation, SMT/STE, Freight and OBS as applicable/as indicated in the RFP, which are exclusively sourced from the nominated vendor (OEM). No other cost including the cost of items sourced directly from third parties and the cost of activities jointly undertaken by the Bidder/Bidder’s sub vendor and the nominated vendor (OEM) or any third parties are to be included in the BNE cost.

1.4 Custom duty on input materials shall not be loaded by the Indian Bidders in their price bids, if they are exempted under the existing Notifications. In such cases, necessary Custom Duty Exemption Certificate (CDEC) shall be issued by the Buyer. In cases where Custom Duty is not exempted, Basic Custom Duty on input material is to be included in the cost of Basic Equipment, Installation/Commissioning/Integration, BNE, ToT, MRLS, SMT, STE, ESP and any other item listed at Column (ii) of Para 2 below.

1.5 If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price will prevail and the total price will be corrected based on indicative rates of taxes and duties at columns (vi) and (vii) of Para 2 below. If there is a discrepancy between words and figures, the amount in words will prevail for calculation of price.

2. **Price Bid Format.** The Price Bid Format is given below and Bidders are required to fill this correctly with full details. No column of the Bid format has to be left blank. The clubbing of serials/sub serials to indicate a consolidated cost is not acceptable. Columns of ‘quantity’, ‘unit cost’, ‘total cost (including all taxes and duties)’, ‘GST/IGST (%) and Custom Duty (%) are to be filled up with positive numerical values or ‘Nil’ at every row as applicable. If any column is not applicable and intentionally left blank, the reason for the same has to be clearly indicated in the remarks column.

<table>
<thead>
<tr>
<th>Ser</th>
<th>Items</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Total Cost (including all taxes &amp; duties)</th>
<th>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GST/IGST (%)</td>
<td>Custom Duty (%)</td>
</tr>
<tr>
<td>(i)</td>
<td>(ii)</td>
<td>(iii)</td>
<td>(iv)</td>
<td>(v)</td>
<td>(vi)</td>
<td>(vii)</td>
<td>(viii)</td>
</tr>
<tr>
<td>A.</td>
<td>Cost of Basic Equipment. Full break-up details may be given.</td>
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<td></td>
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<tr>
<td>B.</td>
<td>Cost of Installation / Commissioning/Integration (where applicable)</td>
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<tr>
<td>B1 .</td>
<td>Cost of Buyer Nominated Equipment (if applicable)</td>
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<td>C</td>
<td>Cost of Transfer of Technology (where applicable).</td>
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<td>D.</td>
<td>Cost of Manufacturer’s</td>
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<tr>
<td>Ser</td>
<td>Items</td>
<td>Qty</td>
<td>Unit Cost</td>
<td>Total Cost</td>
<td>Total Cost (including all taxes &amp; duties)</td>
<td>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</td>
<td>Remarks</td>
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</tr>
<tr>
<td>(i)</td>
<td>(ii) Recommended List of Spares as per the format given at Annexure I to Appendix E. In case equipment is already in usage, the spare parts requirement must be specific rather than being based on MRLS.</td>
<td></td>
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<tr>
<td>E</td>
<td>Cost of Special Maintenance Tools and Special Test Equipment as per format given at Annexure II to Appendix E.</td>
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</tr>
<tr>
<td>F</td>
<td>Cost of Operator’s Manual and Technical Literature (in English Language) including Illustrated Spare Parts List as per Annexure III to Appendix E.</td>
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<tr>
<td>G</td>
<td>Cost of Training Aids such as simulators, cut out models, films, charts etc as recommended by the supplier as per Annexure IV to Appendix E.</td>
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<tr>
<td>H</td>
<td>Cost of recommended period of Training excluding the cost of travel and boarding and lodging. This should be given under the following two heads as per Annexure IV to Appendix E. (a) In India. (b) Abroad.</td>
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<tr>
<td>J</td>
<td>Cost of Preservation/De-preservation (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To be paid on actuals</td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Any other cost (to be specified).</td>
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<tr>
<td>L</td>
<td>Freight and Transit Insurance Cost (where applicable).</td>
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<tr>
<td>M</td>
<td>AMC/CMC/PBL Cost giving year-wise break-up (where applicable).</td>
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</tr>
<tr>
<td>N</td>
<td>Total Cost (Total of Serial A to L)</td>
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<td></td>
<td></td>
<td># This will be used in determining L1 vendor (duly applying provisions of Para 1 above).</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Foreign Exchange component of the proposal. (for Indian Vendors only)</td>
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<td>This will be with reference to</td>
<td></td>
</tr>
<tr>
<td>Ser</td>
<td>Items</td>
<td>Qty</td>
<td>Unit Cost</td>
<td>Total Cost</td>
<td>Total Cost (including all taxes &amp; duties)</td>
<td>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</td>
<td>Remarks</td>
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<td>(i)</td>
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<td>(iii)</td>
<td>(iv)</td>
<td>(v)</td>
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<td>(vi)</td>
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</tr>
</tbody>
</table>

P. CDEC (if applicable), its authority and amount for which required.

Para 1.2.2 of Appendix L.

**Note: Taxes and Duties.** All Indirect Taxes and Duties will be paid at actuals or as indicated in the Commercial bid by the Bidder, whichever is lower. In case of any change in the tax structure/rates by BUYER’s Government, only incremental change will be paid.

3. **Evaluation of L1 in case of EPP.** If the equipment supplied by a vendor does not have the EPP, then the total cost of Row M of the price bid format, for the purpose of L1 determination, remains as it is. In cases where a vendor’s equipment meets the EPP, the total cost at Row M of the price bid format will be multiplied by a credit factor less than 1 and greater than or equal to 0.9, based on the additional technical score assigned for the EPP, as detailed in the RFP.

4. **Evaluation of Bids by DCF Technique** *(Note: This clause is be included only if there is AMC/CMC/PBL clause or any other condition in RFP, resulting in different cash outflows in successive years)* -

4.1 **Net Present Value (NPV)** is a variant of DCF method, which will be used by the Buyer for evaluation of Bids. The Net Present Value of a Bid will be equal to the sum of the present values of all the cash flows associated with it. The following formula will be used for calculating NPV of a bid -

\[
NPV = \sum_{t=1}^{n} \frac{A_t}{(1 + r)^t}
\]

Where,

\(NPV\) = Net Present Value

\(A_t\) = Expected cash flow occurring at the end of year ‘t’ as mentioned in the Payment schedule of Bid

\(n\) = Duration of cash flow stream

\(r\) = Discounting Rate

\(t\) = The period after which payment is done
The bid with the lowest NPV would be selected.

4.2. The Discounting rate will be __ %”. (Note-This will be the Government of India’s lending rate on loans given to state governments, as notified by Budget Division of Ministry of Finance annually)

4.3. **Structuring Cash Flows for Tenders/ Bids Received in the Same Currency.** The cash outflows as shown in price bids will be taken into consideration. NPV of different bids will be calculated using the formula given above and the one having lowest NPV will be selected as L-1.

4.4 **Structuring Cash Flows for Tenders/Bids Received in Different Currencies.** Where bids are received in different currencies/combination of currencies, the cash outflow will be brought to a common denomination in rupees by converting foreign currency bids into rupees by taking into account the BC selling rate of Parliament Street Branch of State Bank of India, New Delhi on the ERV reckoning date (as defined in Annexure I to Appendix L), ie the last date of submission of Commercial Bids as per RFP. Thereafter, the procedure as described above in Para 4.3 will be applied to arrive at NPV.

4.5 All bidders are required to indicate year-wise and currency-wise amount required as per their price bid in format given below. In case the firm a bidder does not provide year-wise cash flow details in price bid, the amount quoted in their price bid will not be discounted for comparison purposes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars</th>
<th>Euros</th>
<th>Pound Sterling</th>
<th>Rupees</th>
<th>Total Cash-flow</th>
</tr>
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<tbody>
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****
1. The present Contract shall be considered and made in accordance to the laws of Republic of India.

ARBITRATION
(For Foreign Vendors)

2.1 All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.

2.2 Any dispute, disagreement or question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.

2.3 Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

2.4 The third arbitrator, who shall not be a citizen or domicile of the country of either of the parties or of any other country unacceptable to any of the parties shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provisions of Indian Arbitration and Conciliation Act, 1996 or by dispute resolution institutions like Indian Council of Arbitration and ICADR. In case, nomination of third arbitrator under Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute resolution institutions like ICA and ICADR are not acceptable to the SELLER, then the third arbitrator may be nominated by the President of International Chamber of Commerce, Paris, but the said nomination would be after consultation with both the parties and shall preclude any citizen with domicile of any country as mentioned above. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.

2.5 The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

2.6 The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

2.7 The decision of the majority of the arbitrator shall be final and binding on the
parties to this contract.

2.8 Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

2.9 In the event of a vacancy caused in the office of the arbitrators, the party which nominated such arbitrator, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

2.10 In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request the President of International Chamber of Commerce, Paris or dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

2.11 If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

2.12 The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

ARBITRATION
(For Indian Private Vendors)

3.1 All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.

3.2 Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.

3.3 Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

3.4 The third arbitrator, shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provision of Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute resolution institutions like Indian Council of Arbitration or ICADR, at the request of either party, but the said nomination would be after consultation with both the parties. The arbitrator nominated under this Clause shall not be regarded nor
3.5 The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

3.6 The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

3.7 The decision of the majority of the arbitrators shall be final and binding on the parties to this contract.

3.8 Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

3.9 In the event of a vacancy caused in the office of the arbitrators, the party which nominated such arbitrator, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

3.10 In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

3.11 If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

3.12 The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

4. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party for Arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India in-charge of the Department of Public Enterprises. The Arbitration and Conciliation Act, 1996 (as amended from time to time) shall not be applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference the dispute shall be decided by the Law Secretary or the Special Secretary/Additional Secretary, when so authorised by the Law Secretary, whose decision shall bind the Parties finally and conclusively. The Parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.
ARBITRATION
(For Defence PSUs)

5. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party to the Arbitrator(s) appointed by Defence Secretary. The award of the Arbitrator(s) shall be binding upon the parties to the dispute.

FORCE MAJEURE

6.1 Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfilment or for the delayed fulfilment of any of its contractual obligations, if the affected party within (_____days) of its occurrence informs in a written form the other party.

6.2 Force majeure shall mean fires, floods, natural disasters or other acts such as war, turmoil, strikes, sabotage, explosions, beyond the control of either party.

6.3 Provided the acts of The Government or any state parties of the seller which may affect the discharge of the Seller’s obligation under the contract shall not be treated as Force Majeure.

PENALTY FOR USE OF UNDUE INFLUENCE

7.1 The Seller undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees brokerage or inducement to any person in service of the Buyer or otherwise in procuring the Contracts or forbearing to do or for having done or for borne to do any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Government. Any breach of the aforesaid undertaking by the seller or any one employed by him or acting on his behalf (whether with or without the knowledge of the seller) or the commission of any offers by the seller or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1988 or any other Act enacted for the prevention of corruption shall entitle the Buyer to cancel the contract and all or any other contracts with the seller and recover from the seller the amount of any loss arising from such cancellation. A decision of the buyer or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the Seller.

7.2 Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the seller towards any officer/employee of the buyer or to any other person in a position to influence any officer/employee of the Buyer for showing any favour in relation to this or any other contract, shall render the Seller to such liability/penalty as the Buyer may deem proper, including but not limited to termination of the contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts paid by the Buyer.
8.1 Further signing of an ‘Integrity Pact’ would be considered between government department and the bidder for schemes exceeding **20 Crores**. The Integrity Pact is a binding agreement between the agency and bidders for specific contracts in which the agency promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. Under the IP, the bidders for specific services or contracts agree with the procurement agency or office to carry out the procurement in a specified manner. The essential elements of the IP are as follows:-

(a) A pact (contract) between the Government of India (Ministry of Defence) (the authority or the "principal") and those companies submitting a tender for this specific activity (the "bidders");

(b) An undertaking by the principal that its officials will not demand or accept any bribes, gifts, etc., with appropriate disciplinary or criminal sanctions in case of violation;

(c) A statement by each bidder that it has not paid and will not pay, any bribes;

(d) An undertaking by each bidder that he shall not pay any amount as gift, reward, fees, commission or consideration to such person, party, firm or institution (including Agents and other as well as family members, etc., of officials), directly or indirectly, in connection with the contract in question. All payments made to the Agent 12 months prior to tender submission would be disclosed at the time of tender submission and thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.

(e) The explicit acceptance by each bidder that the no-bribery commitment and the disclosure obligation as well as the attendant sanctions remain in force for the winning bidder until the contract has been fully executed;

(f) Undertakings on behalf of a bidding company will be made "in the name and on behalf of the company's chief executive officer";

(g) The following set of sanctions shall be enforced for any violation by a bidder of its commitments or undertakings:

(i) Denial or loss of contract;

(ii) Forfeiture of the IPBG and Guarantee for Performance-cum-Warranty Bond;

(iii) Payment to the Buyer of any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.

(iv) Refund of all sums already paid by the Buyer along with interest at the rate of 2% per annum above LIBOR rate.
(v) Recovery of such amount, referred to in (iii) and (iv) above, from other contracts of the Seller with the Government of India.

(vi) At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities.

(h) Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

(j) The draft Pre-Contract Integrity Pact is attached as Annexure I to this Appendix. The vendors are required to sign them and submit separately along with the technical and commercial offers.

(k) Every Bidder while submitting techno commercial bid shall also deposit ___Crore/ Lakh (as applicable) as IPBG/Security deposit through any of the instruments mentioned at Para 8 of Annexure I. This would be submitted in a separate envelope clearly marked as IPBG along with technical and commercial proposals. The Bidder has the option to furnish multiple Bank Guarantees.

8.2 In respect of bids from DPSUs, while a DPSU is not required to sign an Integrity Pact with the Ministry of Defence, the concerned DPSU shall, however, enter in to a Pre-Contract Integrity Pact, on the same lines with their sub-vendors individually, in case the estimated value of each sub-contract(s) exceed 20 Crore and such subcontract(s) are required to be entered in to by the DPSU with a view to enable DPSU to discharge the obligations arising out of their bid in question in response to this RFP.

AGENTS

9. The Seller confirms and declares to the Buyer that the Seller is the original manufacturer of the stores referred to in this contract. The Seller confirms that he has not engaged any person, party, firm or institution as an Agent including his Agents already intimated to MoD; to, influence, manipulate or in any way to recommend to any functionaries of the Govt of India, whether officially or unofficially, to the award of the contract to the Seller, or to indulge in corrupt and unethical practices. The Seller has neither paid, promised nor has the intention to pay to any person, party, firm or institution in respect of any such intervention or manipulation. The Seller agrees that if it is established at any time to the satisfaction of the buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that Seller has engaged any such person, party, firm or institution and paid, promised or has intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable for any or all of the following actions:-

(a) To pay to the Buyer any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.

(b) The Buyer will also have a right to put on hold or cancel the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the
Contract along with interest at the rate of 2% per annum above LIBOR rate

(c) The Buyer will also have the right to recover any such amount referred in (a) and (b) above from other contracts of the Seller with the Government of India.

(d) At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities

10. In case it is found to the satisfaction of the BUYER that the SELLER has engaged an Agent, or paid commission or influenced any person to obtain the contract as described in clauses relating to Agents and clauses relating to Penalty for Use of Undue Influence, the SELLER, on demand of the BUYER shall provide necessary information/inspection of the relevant financial documents/ information, including a copy of the contract(s) and details of payment terms between the vendors and Agents engaged by him.
PRE-CONTRACT INTEGRITY PACT

General

1. Whereas the PRESIDENT OF INDIA, represented by Joint Secretary & Acquisition Manager (Land/Air/Maritime Systems)/Major General & equivalent, Service Headquarters./Coast Guard, Ministry of Defence, Government of India, hereinafter referred to as the Buyer and the first party, proposes to procure (Name of the Equipment), hereinafter referred to as Defence Stores and M/s ____ __________________________ represented by,_______________________________  Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignees), hereinafter referred to as the Bidder/Seller and the second party, is willing to offer/has offered the Defence stores.

2. Whereas the Bidder is a private company/public company/partnership/registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Ministry of the Government of India performing its functions on behalf of the President of India.

Objectives

3. Now, therefore, the Buyer and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:

   3.1 Enabling the Buyer to obtain the desired defence stores at a competitive price in conformity with the defined specifications of the Services by avoiding the high cost and the distortionary impact of corruption on public procurement

   3.2 Enabling Bidders to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Buyer will commit to prevent corruption, in any form, by their officials by following transparent procedures.

Commitments of the Buyer

4. The Buyer commits itself to the following:-

   4.1 The Buyer undertakes that, no official of the Buyer, connected directly or indirectly with the contract will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the Bidder, either for themselves or for any person, organisation or third party related to the contract in exchange for an
advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.

4.2 The Buyer will, during the pre-contract stage, treat all Bidders alike and will provide to all Bidders the same information and will not provide any such information to any particular Bidder which could afford an advantage to that particular Bidder in comparison to other Bidders.

4.3 All the officials of the Buyer will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

5. In case of any such preceding misconduct on the part of such official(s) is reported by the Bidder to the Buyer with full and verifiable facts and the same is prima facie found to be correct by the Buyer, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Buyer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Buyer the proceedings under the contract would not be stalled.

**Commitments of Bidders**

6. The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:

6.1 The Bidder will not to offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer, connected directly or indirectly with the bidding process, or to any person, organisation or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

6.2 The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Government.

6.3 The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

6.4 The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.
6.5 The Bidder further confirms and declares to the Buyer that the Bidder is the original manufacturer/integrator/authorised government sponsored export entity of the Defence stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially to the award of the contract to the Bidder, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company or Agent in respect of any such intercession, facilitation or recommendation.

6.6 The bidder would not enter into conditional contract with any Agents, brokers or any other intermediaries wherein payment is made or penalty is levied, directly or indirectly, on success or failure of the award of the contract. The bidder while presenting the bid, shall disclose any payments he has made during the 12 months prior to tender submission or is committed to or intends to make to officials of the buyer or their family members, Agents, brokers or any other intermediaries in connection with the contract and the details of such services agreed upon for such payments. Within the validity of PCIP, bidder shall disclose to MoD any payments made or has the intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution as an annual report during the procurement process.

6.7 The Bidder shall not use improperly, for purposes of competition or personal gain or pass on to others, any information provided by the Buyer as part of the business relationship regarding plans, technical proposals and business details, including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.

6.8 The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts. Complaint will be processed as per Guidelines for Handling of Complaints in vogue. In case the complaint is found to be vexatious, frivolous or malicious in nature, it would be construed as a violation of Integrity Pact.

6.9 The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

7. **Previous Transgression**

7.1 The Bidder declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India.

7.2 If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract and if already awarded, can be terminated for such reason.

8. **Integrity Pact Bank Guarantee (IPBG)**

8.1. Every bidder, while submitting commercial bid, shall submit an Integrity Pact Bank Guarantee for an amount of _____ (as per IPBG table below) in favour of the Buyer in Indian Rupees only. The Bidder has the option to furnish multiple Bank Guarantees.
(i) Guarantee will be from Indian Public Sector Bank or Private Sector Banks authorised for government transactions by RBI, promising payment of the guaranteed sum to the Ministry of Defence, Government of India, represented on behalf of the President of India, on demand within five working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the buyer shall be treated as conclusive proof for payment. A model Bank Guarantee format is enclosed.

**IPBG TABLE**

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<tr>
<th>Estimated Cost of Procurement Scheme (Crore Rs)</th>
<th>IPBG Amount (Rs)</th>
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8.2 The Integrity Pact Bank Guarantee (IPBG) shall be valid upto Three years from the date of submission. However, Bidders will be required to extend the Integrity Pact Bank Guarantee, as and when required by the Buyer. In the case of the successful bidder, validity of the Integrity Pact Bank Guarantee will be extended upto the satisfactory completion of the Contract. In case a vendor unilaterally decides to withdraw from the procurement scheme or has been declared non-compliant and if he wishes to withdraw his IPBG, he may do so provided he gives an undertaking that he has no complaints and will not make any complaints in the case. Integrity Pact Bank Guarantee shall be returned promptly in case of unsuccessful bidders.

8.3 In the case of successful bidder a clause would also be incorporated in the Article pertaining to Performance-cum-Warranty Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of this pact.

8.4 The provisions regarding Sanctions for Violation in Integrity Pact include forfeiture of Performance-cum-Warranty Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.

8.5 No interest shall be payable by the Buyer to the Bidder(s) on IPBG for the period of its currency.

9. **Company Code of Conduct**

9.1 Bidders are also advised to have a company code of conduct (clearly
rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

10. **Sanctions for Violation**

10.1 Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on his behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Buyer to take all or any one of the following actions, wherever required:

(i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder. However, the proceedings with the other Bidder(s) would continue.

(ii) The IPBG/Performance-cum-Warranty Bond shall stand forfeited either fully or partially, as decided by the Buyer and the Buyer shall not be required to assign any reason therefore.

(iii) To immediately cancel the contract, if already signed, without any compensation to the Bidder.

(iv) To recover all sums already paid by the Buyer, in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Base Rate of SBI and in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the Bidder from the Buyer in connection with any other contract for any other defence stores, such outstanding payment could also be utilised to recover the aforesaid sum and interest.

(v) To encash the advance bank guarantee and Performance-cum-Warranty Bond if furnished by the Bidder, in order to recover the payments, already made by the Buyer, along with interest.

(vi) To cancel all or any other Contracts with the Bidder.

(vii) To Put on Hold or Suspend or Debar the bidder as per the extant policy.

(viii) To recover all sums paid in violation of this Pact by Bidder(s) to any Agent or broker with a view to securing the contract.

(ix) If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the Buyer, or alternatively, if any close relative of an officer of the Buyer has financial interest/stake in the Bidder’s firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Buyer to debar the Bidder from the bid process or rescind the contract without payment of any compensation to the Bidder. The
term ‘close relative’ for this purpose would mean spouse whether residing with the Government servant or not, but not include a spouse separated from the Government servant by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Government servant, but does not include a child or step child who is no longer in any way dependent upon the Government servant or of whose custody the Government servant has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Government servant or to the Government servant’s wife or husband and wholly dependent upon Government servant.

(x) The Bidder shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Buyer and if he does so, the Buyer shall be entitled forthwith to rescind the contract and all other contracts with the Bidder. The Bidder shall be liable to pay compensation for any loss or damage to the Buyer resulting from such rescission and the Buyer shall be entitled to deduct the amount so payable from the money(s) due to the Bidder.

(xi) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the Buyer with the Bidder, the same shall not be opened.

10.2 The decision of the Buyer to the effect that a breach of the provisions of this Integrity Pact has been committed by the Bidder shall be final and binding on the Bidder, however, the Bidder can approach the Independent Monitor(s) appointed for the purposes of this Pact.

11. **Fall Clause**

11.1 The Bidder undertakes that he has not supplied/is not supplying the similar products, systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India and if it is found at any stage that the similar system or sub-system was supplied by the Bidder to any other Ministry/Department of the Government of India at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the Bidder to the Buyer, even if the contract has already been concluded.

11.2 The Bidder shall strive to accord the most favoured customer treatment to the Buyer in respect of all matters pertaining to the present case.

12. **Independent Monitors**

12.1 The Buyer has appointed Independent Monitors for this Pact in consultation with the Central Vigilance Commission. The names and addresses of nominated Independent Monitors (at the time of issue of RFP) are as follows (however the vendor must refer to the MoD website at www.mod.nic.in to check for changes to these details):

(names & addresses of Independent Monitors holding office on date of issue of RFP to be included)
12.1A All communications to Independent Monitors will be copied to Director (Vigilance). The Designation and Contact details of Director (Vigilance) are as follows:

(Designation and Address of the Director (Vigilance) to be included)

12.2 After the Integrity Pact is signed, the Buyer shall provide a copy thereof, along with a brief background of the case to the Independent Monitors, if required by them.

12.3 The Bidder(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent Monitors.

12.4 If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent Monitors for their comments/enquiry.

12.5 If the Independent Monitors need to peruse the relevant records of the Buyer in connection with the complaint sent to them by the Buyer, the Buyer shall make arrangement for such perusal of records by the Independent Monitors.

12.6 The report of enquiry, if any, made by the Independent Monitors shall be submitted to the head of the Acquisition Wing of the Ministry of Defence, Government of India for a final and appropriate decision in the matter keeping in view the provision of this Pact.

13. Examination of Books of Accounts

In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Buyer or its agencies shall be entitled to examine the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose of such examination.

14. Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the Buyer i.e. New Delhi.

15. Other Legal Actions

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

16. Validity

16.1 The validity of this Integrity Pact shall be from date of its signing and extend up to 5 years or the complete execution of the contract to the satisfaction of both the Buyer and the Bidder/Seller, whichever is later.
16.2 Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

17. The Parties hereby sign this Integrity Pact at __________ on

BUYER

BIDDER

MINISTRY OF DEFENCE, GOVERNMENT OF INDIA

CHIEF EXECUTIVE OFFICER

Witness
1. __________________
2. __________________

Witness
1. __________________
2. __________________

****
FORM OF INTEGRITY PACT BANK GUARANTEE (IPBG)

To,

The ________,
Ministry of ________,
Government of India,
_________________ (complete postal address of the beneficiary)

1. In consideration of President of India represented by Joint Secretary and Acquisition Manager/ Major General or equivalent, Service Hqr./Coast Guard, Ministry of Defence, Government of India (hereinafter referred to as the Buyer and/or the first party) having agreed to accept a sum of Rs. _________ (Rupees __________) from M/s __________ of __________ (hereinafter referred to as Bidder and/or the Second party) in the form of Bank Guarantee towards Integrity Pact for the Request For Proposal for procurement of __________ we __________ (Name of the Bank), (hereinafter referred to as the Bank), do hereby undertake to pay to the Buyer on demand within 5 (five) working days—without any demur and without seeking any reasons whatsoever, an amount not exceeding Rs._________ (Rupees ___________) and the guarantee will remain valid upto three years from the date of its submission i.e. __________ (Submission date). The Integrity Pact Bank Guarantee shall be extended from time to time as required by the Buyer and agreed by the Bidder to the Bank.

2. We undertake not to revoke this guarantee during this period except with the previous consent of the Buyer in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the commercial offer.

3. No interest shall be payable by the Buyer to the Bidder(s) on the guarantee for the period of its currency.

4. Notwithstanding anything contained herein above:-

(a) Our liability under this Guarantee shall not exceed Rs __________ (Rupees ______________ only) (in words).

(b) This Bank Guarantee shall remain valid until ____________ (hereinafter the expiry date of this guarantee). The Bank Guarantee will cease to be valid after ____________ irrespective whether the Original Guarantee is returned to us or not.

(c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ____________ (Expiry Date)

Dated the ____________________ day of ________________________ (month and year)

Place :
Signed and delivered by ______________________ (Name of Bank).

Through its authorized signatory
(Signature with seal)
OPTION CLAUSE
(No blanks to be left)

The BUYER shall have the right to place separate order on the SELLER on or before ______________ (______ year from the date of this contract) limited to 50% of the main equipment, spares, facilities or services as per the cost, terms and conditions set out in this contract. The price of the system, spares etc shall remain same till year from the effective date of the contract. CNC to verify that there is no downward trend in prices of the product offered.
NON DISCLOSURE AGREEMENT

This Non Disclosure Agreement is entered into by and between SHQ/MoD (Disclosing Party) and __________________located at __________ (Receiving Party) for the purpose of preventing the unauthorized disclosure of confidential information as defined below. The parties agree to enter into a confidential relationship with respect to the disclosure of the RFP for procurement of ________________ (name of the Project).

1. For purpose of this Agreement, “Confidential Information” shall include all information or material in which Disclosing party is engaged. If confidential information is in written form, the Disclosing party shall label or stamp the materials with the word “Confidential” or some similar warning. If confidential information is transmitted orally, the Disclosing Party shall promptly provide a written communication indicating that such oral communication constituted confidential information.

2. Receiving party shall hold and maintain the confidential information in strictest confidence for the sole and exclusive benefit of the Disclosing party. Receiving party shall carefully restrict exercise to confidential information to employees, contractors and third parties as is reasonably required and shall require those persons to sign Non-Disclosure restriction atleast as protective as those in this Agreement. Receiving party shall not, without prior written approval of Disclosing party, use, publish, copy, or otherwise disclose to others, or permit the use by others or to the detriment of Disclosing party, any confidential information. Receiving party shall return to the Disclosing party any and all record, notes and other written, printed or tangible materials in its possession pertaining to confidential information immediately if Disclosing party requests it in writing.

3. Nothing contained in this Agreement shall be deemed to constitute either party a partner, joint venture or employee of the other party for any purpose.

4. If any provision of this Agreement is held to be invalid or unenforceable by court of law, the remainder of this Agreement shall be interpreted so as best to effect the intent of the parties.

5. This agreement expresses the complete understating of the parties with respect to the subject matter and supersedes all prior proposals, agreements, representations and understandings. This Agreement shall not be amended except with the written consent of both the parties.

6. That in case of violation of any clause of this Agreement, the Disclosing party is at liberty to terminate the services of Receiving party without assigning any reason and shall also be liable to proceeded against in a Court of Law.

7. This Agreement and each party’s obligations shall be binding on the representatives, assigns and successors of such parties. Each party has signed this Agreement through its authorised representatives.
Disclosing Party
_____________________________ (Signature)
_____________________________ (Typed or Printed name)
Date ________________

Receiving Party

_____________________________ (Signature)
_____________________________ (Typed or Printed name)
Date ________________
Appendix R
(Refers to Para 7 of RFP)

Criteria for Vendor Selection/Pre-Qualification
{for multi-vendor cases in ‘Buy (Indian-IDDM)’, ‘Buy (Indian) and ‘Buy & Make (Indian) Cases

To be specified in accordance with the Vendor qualification criteria promulgated by Acquisition Wing vide MoD ID No 4(3)/D(Acq)/16-Pl.IV dated 18/09/2019 or as updated on http://mod.gov.in.

1. **General Parameters.** Applicant Entity should be an Indian Company (as defined under the Companies Act, 2013 as amended from time to time), owned and controlled by resident Indian citizens.

2. **Technical Parameters.**

3. **Financial Parameters.**

   (a) **Turnover.** Minimum average turnover for last three financial years ending 31st March of previous financial year, should not be less than _____.

   (b) **Net Worth.** Networth of entities, ending 31st March of previous financial year, should not be less than _____.

   (c) **Insolvency.** The entity should not be under insolvency resolution as per Indian Bankruptcy Code at any stage of procurement process from the issuing of RFP to the signing of contract.

   (d) **Credit Rating.** Minimum long term credit rating shall be equivalent to CRISIL rating on Corporate Credit Scale as CCR-BBB and SME-04 for SMEs issued by credit rating agencies recognized by SEBI.

4. **Other Parameters.**

   (a) Industrial License.
Appendix S  
(Refers to Para 68 of RFP)

**DOCUMENTS TO BE SUBMITTED BY THE BIDDER ALONG WITH THEIR TECHNO-COMMERCIAL PROPOSALS**

The list of documents which needs to be mandatorily submitted by the Bidders as part of Technical Proposal are placed below. Non-submission of the documents may result in disqualification of the Bidder from the bidding process.

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<td>Ser No.</td>
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# Glossary

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<td>AMC</td>
<td>Annual Maintenance Contract</td>
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<td>AoN</td>
<td>Acceptance of Necessity</td>
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<td>ATP</td>
<td>Acceptance Test Procedure</td>
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<td>CAMC</td>
<td>Comprehensive Annual Maintenance Contract</td>
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<tr>
<td>CKD</td>
<td>Completely Knocked Down</td>
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<tr>
<td>CNC</td>
<td>Contract Negotiation Committee</td>
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<td>DAC</td>
<td>Defence Acquisition Council</td>
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<td>DGAQA</td>
<td>Director General of Aeronautical Quality Assurance</td>
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<td>DGNAI</td>
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<td>Electro Magnetic Compatibility</td>
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<td>Indigenous Content</td>
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<td>ICG</td>
<td>Indian Coast Guard</td>
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<td>IPBG</td>
<td>Integrity Pact Bank Guarantee</td>
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<td>LRU</td>
<td>Line Replaceable Unit</td>
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<td>MET</td>
<td>Maintainability Evaluation Trial</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<td>MoD</td>
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<td>M-ToT</td>
<td>Maintenance Transfer of Technology</td>
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<td>NCNC</td>
<td>No Cost No Commitment</td>
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<td>OEM</td>
<td>Original Equipment Manufacturer</td>
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<td>Quality Assurance Plan</td>
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<td>Request for Proposal</td>
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<td>Services Capital Acquisition Categorisation Higher Committee.</td>
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<td>SRU</td>
<td>Shop Replaceable Unit</td>
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<td>TEC</td>
<td>Technical Evaluation Committee</td>
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<td>TM</td>
<td>Technical Manager</td>
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<td>ToT</td>
<td>Transfer of Technology</td>
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DEFENCE OFFSET GUIDELINES

The provisions in the Defence Procurement Procedure concerning offsets will be implemented as set out in succeeding paragraphs.

1. **Objective of Defence Offsets**

1.1 The key objective of the Defence Offset Policy is to leverage the capital acquisitions and technology to develop Indian defence industry by (i) fostering development of internationally competitive enterprises and (ii) augmenting capacity for Research, Design and Development related to defence products.

2. **Quantum and Scope of Offsets**

2.1 These provisions will apply to all Capital Acquisitions categorized as ‘Buy (Global)’, i.e. outright purchase from foreign/Indian Vendor, or ‘Buy and Make’ categories of procurements where the estimated cost of the acquisition proposal is ₹2000Crore or more as on the date of accord of AoN. They will apply to Indian firms or their Joint Ventures under “Buy (Global)” procurements as explained in Para 5.10.

2.2 30% of the estimated cost of the acquisition in ‘Buy (Global)’ category acquisitions and 30% of the foreign exchange component in ‘Buy and Make’ categories of procurements will be the required value of the offset obligations.

2.2.1 In respect of Shipbuilding cases on competitive basis (Section B, Chapter IV), for the purpose of calculating offset obligation, the total cost shall include basic cost of the vessel, cost of Base and Depot (B&D) spares and the modification cost. Offset obligations may be discharged with reference to eligible products and services as described in Annexure-VI to Appendix-D.

2.3 The (DAC) may consider partial or full waiver of offset clause. In case of a waiver for a particular acquisition case, eligible/selected Indian Vendors need to be exempted from the corresponding IC stipulation.

2.4 The offset condition will form a part of the RFP and subsequently of the main contract. A separate offset contract will be executed simultaneously with the main contract.

2.5 These provisions will not apply to (i) procurements under the Fast Track procedure, and (ii) procurements under the ‘Option clause’ where an offset obligation was not stipulated in the original contract. In respect of procurements under the “Option clause” where an offset obligation was stipulated in the original contract, the offset guidelines prevailing at the time of signing of the original contract would be applicable.
3. Avenues for Discharge of Offset Obligations

3.1 In compliance to Para 1 above, offset obligations may be discharged by any one or a combination of the following methods:

(a) Direct purchase of, or executing export orders for, eligible products manufactured by, or services provided by Indian enterprises, i.e. DPSUs, OFB and private and public sector. The list of products and services eligible for discharge of offset obligations is at Annexure VI to Appendix-D.

(b) Investment in defence manufacturing: This could be through FDI or direct investment or joint ventures or through the non-equity route for co-production, co-development and production or licensed production of defence products. Such investment would be subject to the guidelines/licensing requirements stipulated by the Department of Promotion of Industry and Internal Trade (DPIIT)/Ministry of Home Affairs (MHA), Government of India. The list of ‘eligible products’ for discharge of offset obligations is at Annexure VI to Appendix-D.

(c) Investment in ToT to Indian enterprises for manufacture of eligible products. The list of eligible products for discharge of offset obligations is at Annexure VI to Appendix-D. The investment in terms of ToT must cover all documentation, training and consultancy required for full ToT (civil infrastructure and related equipment is excluded). The ToT should be provided without licence fee and there should be no restriction on domestic production, sale or export.

(d) Acquisition of technology through ToT to Government institutions and establishments engaged in the manufacture and/or maintenance of eligible products as listed at Annexure VII to Appendix-D, including DRDO and OFB/DPSUs (as distinct from Indian enterprises). This will include augmenting capacity for Research, Design and Development, Training and Education but exclude civil infrastructure and related equipment.

(e) Technology Acquisition by the DRDO in areas of critical technology as listed in Annexure-VIII to Appendix-D. Guidelines for this purpose are at Annexure-IX to Appendix-D.

Note: Where ToT is proposed under Para 3.1(c) and 3.1(d) above, Vendor shall ensure that the ToT is comprehensive and all aspects of design, manufacturing know-how and know-why is made available to the IOP.

4. Indian Offset Partner (IOP)

4.1 Indian enterprises and institutions and establishments engaged in the manufacture of eligible products and/or provision of eligible services, including DRDO, are referred to as the Indian Offset partner (IOP).

4.2 The IOP shall, besides any other regulations in force, also comply with the guidelines/licensing requirements stipulated by the DPIIT/MHA as applicable.

4.3 The Vendor/Tier-I sub-vendor will be free to select the IOP for implementing the offset obligation provided the IOP has not been barred from doing business by the Ministry of Defence.

4.4 In relation to the discharge of offset obligation, the agreement between the Vendor/Tier-I sub-vendor and the IOP shall be subject to the laws of India.
5. Discharge of Offset Obligations

Vendor Responsibility

5.1 The vendor of the main procurement contract will be responsible for the fulfilment of offset obligations. The vendor may allow his Tier-1 sub-vendors under the main procurement contract to discharge offset obligations, to the extent of their work share (by value), on behalf of the vendor. However, overall responsibility and liability for the full discharge of offset obligations shall continue to remain with the vendor. Any shortfall by the Tier-1 sub-vendor shall be made good by the vendor, failing which the vendor shall be liable for penalty and debarment as stipulated in the offset guidelines.

5.1.1 In respect of Para 3.1(b), 3.1(d) and 3.1(e) offset discharge can be permitted by entities other vendor/Tier-1 Sub-vendor on a case to case basis.

Period for Discharge

5.2 Offset obligations are to be discharged within a time frame that can extend beyond the period of the main procurement contract by a maximum period of two years.

Performance Bond

5.3 Where the period for discharge of offset obligations exceeds the period of the main procurement contract, the vendor will be required to furnish an additional Performance Bond to Defence Offset Management Wing (DOMW) in the form of a Bank Guarantee covering the full value of the un-discharged offset obligations falling beyond the period of the main procurement contract. This Performance Bond shall be reduced annually, until full extinction, based on the pro rata value of the discharged offset obligation accepted by DOMW. The additional Performance Bond shall be submitted six months prior to expiry of the main Performance-cum-Warranty Bond.

5.4 In cases where the main procurement contract is signed on the basis of an Inter-Governmental Agreement (IGA) under Para-104 of Chapter II (e.g.) through Foreign Military Sales (FMS) by the US Government, but offset contract is signed with the OEM/Vendor, the OEM/Vendor shall be required to furnish a Performance Bond equal to 5 percent of the offset obligation which is required to be fulfilled during the period of the main procurement contract. An additional Performance Bond would be required in case the period for discharge of offset obligation exceeds the period of the main procurement contract as indicated in Para 5.3 above.

Offset Credits for Investment in Defence Manufacturing

5.5 Where the discharge of offset obligation is proposed in terms of Para 3.1(b) it must provide a Detailed Project Report (DPR) with cost break-up. Offset discharge shall be subject to physical completion of the project and verification of audited accounts of the company setting up the manufacturing unit.

Offset Credits for Investment in ToT

5.6 Where technology is proposed to be transferred under Para 3.1(c), a third party valuation from the recognized/certified valuation firms duly accepted by the IOP to be submitted. The valuation so determined should be supported and justified through following approaches:
Cost Approach

(i) Current cost estimate of technology development effort
(ii) Cost saving due to local purchase vs Global purchase
(iii) Net present value of the expected proceeds from future sales

Market Approach:

(i) Revenues generated from the technology till date
(ii) Exclusive use or territorial protection
(iii) Creation of new market for IOP
(iv) Jobs creation (Direct & Indirect)

Note: Cost of the valuation will be borne by the vendor and no offset credits will be admissible for the cost of valuation. It would be appropriate if the same is transferred by the vendor to the government and it then hires the valuer jointly with the vendor. Another option is for the valuer to be hired by the vendor in consultation with the Government.

Value Addition

5.8 The concept of value addition will apply only for direct purchase/export of eligible products. Value Addition will be determined by subtracting (i) value of imported components (i.e.) import content in the product and (ii) any fees/royalty paid.

‘Buy (Global)’ Procurements

5.9 For ‘Buy (Global)’ category procurements, if an Indian firm including a Joint Venture between an Indian Company and its foreign partner is bidding for the proposal, the clause relating to offset obligation will not be applicable if the IC in the product is more than 30 percent. In case the IC in the product is less than 30 percent, the Indian firm or the Joint Venture has to ensure that offset obligations are fulfilled to the tune of ‘30% - (minus) IC percentage’ (IC is to be declared upfront at the time of submission of bid). In such a case, the Indian firm will clearly delineate the IC and offset portions in the offset contract and in offset claims.

Note: IC aspects are as given at Para 6-8 and Appendix A to Chapter I

Multiplier

5.10 In the discharge of Offset obligation under 3.1 (a), the following multiplier will be permitted:
   (a) Eligible products - Multiplier of 1.0
   (b) Components of eligible products - Multiplier of 0.5

Provided, where Indian Offset Partner (IOP) is a Micro, Small and Medium Enterprise (MSME) and discharge of offset obligation is proposed under Para 3.1(a), a multiplier of 1.5 will be permitted. MSMEs are as defined by Ministry of Micro, Small and Medium Enterprises, Government of India from time to time.

5.11 In the discharge of Offset obligation under 3.1 (b), a multiplier of 1.5 will be permitted. Provided where the investment is under Para 3.1(b) in Defence Industrial Corridors notified by the Department of Defence Production, a multiplier of 2 will be permitted.
5.12 In the discharge of Offset obligation under 3.1(c), a multiplier of 2 will be permitted.

5.13 In the discharge of Offset obligation under 3.1(d), a multiplier of 3 will be permitted.

5.14 In the discharge of offset obligations under para 3.1(e), relating to critical technology acquisition by DRDO, a multiplier of 4 will be permitted.

Note: Clubbing of multipliers is not permitted.

**Valuation of Offsets**

5.15 All investments made after signing of the main procurement contract shall only be reckoned for discharge offset obligations. For the purpose of these offset guidelines, the date of discharge of offset obligations under Para 3.1 shall be the date of completion of the transaction, based on documentary evidence as the date of discharge of offset obligation. The value of the offset components for which offset credits are sought would have to be supported by documentary evidence.

5.16 Only Contracts for direct purchase or export of eligible products or investments made in eligible products after signing of the main procurement contract shall be reckoned for discharging offset obligations. For the purpose of these offset guidelines, the date of discharge of offset obligations under Para 3.1 (a) shall be reckoned as the date of invoice or the date of final payment whichever is later. In case of equity investment under Para 3.1 (b) or other investments or ToT and Technology Acquisition covered under paras 3.1 (c), (d), and (e), the date of completion of the transaction, based on documentary evidence shall be reckoned as the date of discharge of offset obligation. The value of the offset components for which offset credits are sought would have to be supported by documentary evidence. Only transactions undertaken after signing of the offset contract will be reckoned for discharging offset obligations.

**6. Management of Offsets**

**Acquisition Wing**

6.1 The Acquisition Wing in the Department of Defence will be responsible for (i) technical and commercial evaluation of offset proposals received in response to RFPs and (ii) conclusion of offset contracts.

**Defence Offsets Management Wing (DOMW)**

6.2 Defence Offsets Management Wing (DOMW) under the Department of Defence Production will be responsible for formulation of Defence Offset Guidelines and all matters relating to post contract management. The functions of DOMW will include:

(a) Formulation of Defence Offset guidelines

(b) Monitoring the discharge of offset obligations, including audit and review of yearly progress reports received from vendors;

(c) Participation in Technical and Commercial evaluation of offset proposals as members of TOEC and CNC;
(d) Administration of penalties under offset contracts in consultation with Acquisition Wing;

(e) Assisting vendors in interfacing with Indian industry; and

(f) Other responsibilities assigned under the offset guidelines or entrusted by the Government.

6.3 The DOMW may avail the assistance of any appropriate entity to discharge its functions.

6.4 The DOMW will work in close collaboration with Acquisition Wing for smooth implementation of the Offset guidelines.

7. Submission of Offset proposals

7.1 Para 45 of Chapter II read with Schedule I of DPP 2020 prescribes the standard RFP document. Para 10 of the RFP format will apply when offsets are attracted. At the stage of submission of the techno-commercial proposal, the vendor will submit a **written undertaking** in the format at **Annexure I to Appendix-D** to the effect that he will meet the offset obligations laid down in the RFP as per the Defence Offset Guidelines. This undertaking will be included in the envelope containing the vendors’ technical bid. It will be binding on the vendor and will clearly state that failure on the part of the vendor to comply with the offset guidelines at any stage may result in disqualification of the vendor from any further participation in the tender/contract. It may also result in imposition of penalties indicated in Para 8.13 and render the vendor liable for debarment from participating in future procurement contracts for a period up to five years as indicated in Para 8.14. Failure to submit the undertaking in Annexure-I to Appendix-D shall render the bid non-responsive and liable to be rejected.

7.2 The Technical and Commercial offset proposals have to be submitted by the vendor by a date to be specified in the RFP, which would normally be 12 weeks from the date of submission of the main technical and commercial proposals. Exact date as calculated and given in the RFP or intimated later by the Technical Managers will be binding. The technical and commercial offset proposal should be submitted in two separate sealed cover to the Technical Manager of Acquisition Wing. The Technical Offset proposals and the Commercial Offset proposal should be submitted as per formats at **Annexure II and Annexure III to Appendix ‘D’** respectively. The commercial offset proposal must provide details of the business model for proposals relating to Paras 3.1(c) of the offset guidelines in case offset credits are being sought under these specific provisions. The Technical and Commercial Offset proposal for Technology Acquisition by DRDO under Para 3.1(e) of the Offset Guidelines will forwarded by the Technical Manager to DRDO. In case any offset credits are claimed under Para 3.1(e) of the Offset Guidelines, the Technical and commercial proposal should be submitted in a separate envelope as per format at **Annexure-IX to Appendix ‘D’**. Failure to submit offset proposals within the stipulated time frame shall render the bid non-responsive and liable to be rejected. The technical and commercial offset proposals will be forwarded by the Technical Manager (TM) to the concerned SHQs and Acquisition Manager respectively.

8. Processing of Offset Proposals
**Technical Evaluation**

8.1 The Technical Offset Evaluation Committee (TOEC) will be constituted by the TMs with approval of the DG (Acquisition). The TOEC will include representatives of the SHQ, Defence(Fin), DRDO and DOMW. The Committee may also include experts, as may be deemed necessary, with approval of the DG (Acquisition). The TOEC will be chaired by a representative of the SHQs. The Member Secretary shall be nominated by SHQs. The TOEC Report will be forwarded to the TM with approval of the concerned PSO of SHQ. The TM will process the TOEC report for acceptance by DG (Acquisition).

8.2 The TOEC will scrutinize the technical offset proposals (excluding proposals for Technology Acquisition by DRDO as per para 8.3) to ensure conformity with the offset guidelines. For this purpose, the vendor may be advised to undertake changes to bring his offset proposals in conformity with the offset guidelines. During TOEC, the vendor is expected to provide details pertaining to IOP wise work share, specific products and supporting documents indicating eligibility of IOPs in addition to conformity with other clauses in the offset guidelines. If the vendor is unable to provide these details at the time of the TOEC, the same may be provided to DOMW either at the time of seeking offset credits or one year prior to discharge of offset obligations through that IOP.

a) If the vendor submits the required documents at the time of seeking offset credits, DOMW will establish eligibility of IOP, product and offset discharge avenue along with other compliance issues and if found ineligible on any count, penalty will be imposed by treating the transactions as invalid.

b) If the vendor submits the required documents one year prior to discharge of offset obligations through a particular IOP, the final decision regarding admissibility of proposal shall be intimated by DOMW within three months of receipt of complete documents. If the proposal is found ineligible the vendor incurs the risk of re-phasing with consequent enhancement of 5% in obligations, in case, the annual commitments change due to such ineligibility.

The TOEC will be expected to submit its report within 4-8 weeks of its constitution.

Note: The vendors are free to select option under Para 8.2. Once approved; no change in option shall be permitted during the contract period.

**Technology Acquisition**

8.3 Offset Proposals relating to Para 3.1(e) will be assessed by a Technology Acquisition Committee (TAC) to be constituted by the DRDO with the approval of Scientific Advisor to RakshaMantri. The assessments will cover both technical as well as financial parameters, including valuation of technology, and also indicate the time frame and strategy for utilizing the technology. The TAC will send its recommendations, duly approved by SA to RM, to the TM within a period of 4-8 weeks of its constitution, for incorporation in the TOEC Report. Guidelines for processing Technology Acquisition proposals are at **Annexure-IX to Appendix-D**.
Commercial Evaluation

8.4 The Commercial Offset Offer will contain the detailed offer specifying the value of the total offset commitment components, with a yearly breakdown of the details, phasing, IOPs. The commercial offset offer will be opened along with the main commercial offer after the TOEC report has been accepted by the DG (Acquisition). The commercial offset offer will have no bearing on determination of the L-1 Vendor.

8.5 The CNC for the main procurement case will verify that the Commercial Offset Offer meets the stipulated offset obligations. Only the commercial offset offer of the L-1 vendor in the main procurement proposal will be evaluated by the CNC. The L-1 vendor may amend the commercial offset offer at this stage, to align the proposal with the technical offset proposal, if required. For evaluation of the commercial offset proposals, the CNC will include a representative of DOMW as member. The commercial valuation of Technology Acquisition by TAC (refer Para 8.3) will be incorporated in the CNC Report.

Approval Authority

8.6 All Offset proposals will be processed by the Acquisition Manager and approved by RakshaMantri, regardless of their value. Offset proposals will also be incorporated in the note seeking approval of Competent Financial Authority (CFA) for the main procurement proposal for information of the CFA. The offset contract will be signed by the Acquisition Manager along with the main procurement contract. Signed copies of the offset contract will be made available to DOMW for its implementation.

Model Offset Contract

8.7 A model Offset Contract is at Annexure-IV to Appendix-D. It may be modified depending on the facts and circumstances of each case. However, any deviation from the standard terms considered necessary by the CNC should be highlighted by the Acquisition Manager while seeking approval of the RakshaMantri. The offset contract shall be subject to the laws of India.

Submission of Offset Discharge Claims

8.8 The vendor shall submit offset discharge claims in the format in Annexure-V to Appendix D to the DOMW through the online portal. DOMW may conduct an audit by a nominated officer or agency to verify the actual status of implementation.

Discharge of Offset Obligations

8.9 On approval of offset claims by the competent authority from time to time, DOMW shall convey discharge of offsets to the vendors.

Yearly Offset Obligations

8.10 A vendor shall be required to fulfill offset obligations in accordance with the annual phasing plan as agreed in the offset contract.
Penalties

8.11 If a vendor fails to fulfill the offset obligation in a particular year in accordance with the annual phasing as agreed in the offset contract, a penalty equivalent to five percent of the unfulfilled offset obligation will be levied on the vendor. The unfulfilled offset value will re-phased as per Para 8.14. The penalty may either be paid by the vendor or recovered from the bank guarantee of the main procurement contract or deducted from the amount payable under the main procurement contract or recovered from the Performance Bond of the offset contract. The overall cap on penalty will be 20 percent of the total offset obligation during the period of the main procurement contract. There will be no cap on penalty for failure to implement offset obligations during the period beyond the main procurement contract. The penalties will be administered by DOMW in consultation with Acquisition Wing, as required.

Re-phasing of offset obligations

8.12 A vendor may, by giving reasons, request re-phasing of the offset obligations within the period of the offset contract. The re-phasing request of the vendor will be processed without any disincentives if the shortfall is re-phased to the following year. However, if the re-phasing of offset value is proposed over the subsequent years, then 5% additional obligation will be imposed on re-phased value of every year. The re-phasing request for second and subsequent attempts will be processed by imposing additional 5% on proposed yearly re-phased offset value irrespective of the spread of re-phasing. This yearly additional 5% offset obligation for processing re-phasing request will be over and above the outright financial penalty on shortfall specified at Para 8.13 of Defence Offset Guidelines. JS (DOMW) may allow the request, with the approval of Secretary (Defence Production). Re-phasing will not be permitted beyond the period stipulated in Para 5.2 of the guidelines.

Change in IOP or Offset Component

8.13 DOMW may recommend change in offset partner or offset component on being convinced that the change is necessary to enable the vendor to fulfil offset obligations. The vendor will be required to submit such request through DOMW online portal and which shall be disposed of within 03 months. Any change in IOP/offset component of a Tier-1 sub-vendor will have to be forwarded to DOMW through the vendor. The overall value of offset obligations shall, however, remain unchanged. Any change in the IOP and offset component shall be approved by the Secretary (Defence Production).

Offset Contract Amendment

8.14 Any amendments to the offset contract due to changes in paras 8.10 and 8.11 shall be incorporated by the JS (DOMW) in the offset contract through a Supplementary Contract. JS(DOMW) shall intimate such changes to the concerned Acquisition Manager immediately after they have been approved.

Debarment

8.15 Any vendor failing to implement the offset obligations will be liable for action under Para 93 of chapter II.
Clarifications

8.16 Any clarifications relating to offset proposals at the pre-contract stage will be provided by the Acquisition Wing in consultation with DOMW as required. Any clarifications at the post-contract stage will be provided by DOMW in consultation with Acquisition Wing as required.

8.17 Any differences or disputes with vendors will be settled through discussion and, if not resolved, will be referred to the Independent Monitors (IMs) for advice with the approval of Secretary (Defence Production). IMs would provide their advice preferably within 02 months. The decision of the Acquisition Wing and of the DOMW in respect of matters relating to offsets within their respective jurisdiction shall be final.

Miscellaneous Provisions

8.18 It is clarified that any general term/clause that is not included in the offset contract but is included in the main procurement contract (e.g. Force Majeure, Arbitration, jurisdiction of Indian Courts, use of undue influence, agents, etc.) would ipso facto apply to the offset contract.

8.19 Defence Offset Guidelines will apply in harmony with and not in derogation of any rules and regulations stipulated by various agencies of the Government of India, including DPIIT, MHA, Department of Commerce and Ministry of Finance, etc.

8.20 These Defence Offset Guidelines shall come into force with effect from .............

*****
UNDERTAKING TO COMPLY WITH OFFSET OBLIGATIONS

1. The Bidder ----------- (name of the company) hereby

   (a) Undertakes to fulfil the offset obligation as stipulated in the Request for Proposal and Defence Offset guidelines at Appendix-D to Chapter-II of DPP.

   (b) Undertakes to ensure timely adherence to fulfilment of offset obligations failing which the vendor will be liable for penalties as per the Defence Offset Guidelines.

   (c) Accepts that any failure on the part of the vendor to meet offset obligations may result in action under Para 93 of Chapter II.

   (d) Undertakes to furnish technical and commercial offset proposals as per formats at Annexure-II and III of Appendix-D within the time period stipulated in the RFP.

   Note: Failure to submit the Undertaking along with the main Technical Bid shall render the bid non-responsive and liable to be rejected.

    ****


FORMAT FOR SUBMITTING TECHNICAL OFFSET OFFER

1. The bidder …………………..hereby offers the following offsets in compliance with the technical offset obligations in the RFP: -

<table>
<thead>
<tr>
<th>SI No</th>
<th>Eligible Offset Products/Services Being Offered</th>
<th>Avenue for Discharge (quote sub Para of 3.1)</th>
<th>Multiplier Applicable (quote applicable Para)</th>
<th>Percentage of Total Offsets</th>
<th>IOP/agency for discharge</th>
<th>Time Frame for Discharge of Offset</th>
<th>Whether Related to Main Equipment Being Supplied (Yes/No)</th>
<th>Remarks</th>
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</table>

Note: Bidder to provide following along with technical offset offer: -

a) Undertaking that IOP is an eligible offset partner as per applicable guidelines.

b) Company profile of IOP/agency.

c) Details with quantities of the proposed offset.

d) Letter of IOP/agency confirming acceptance of the offset project in case of direct purchase or investment.

e) List of Tier-1 sub-contractors, if any, through whom offset obligations are proposed to be discharged, with percentage of discharge.

f) Proposals for Technology Acquisition by DRDO under para 3.1(e) of Appendix D should be submitted separately in the format at Annexure IX to Appendix D.

****
FORMAT FOR SUBMITTING COMMERCIAL OFFSET OFFER

1. The bidder …………………..hereby offers the following offsets in compliance with the commercial offset obligations:

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Eligible Offset Products /Services Being Offered</th>
<th>Avenue for Discharge (quote sub Para of 3.1)</th>
<th>Multiplier Applicable (quote applicable Para)</th>
<th>Percentage of Total Offsets</th>
<th>IOP/agency for discharge</th>
<th>Time Frame for Discharge of Offset</th>
<th>Whether Related to Main Equipment Being Supplied (Yes/No)</th>
<th>Remarks</th>
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</table>

Note:  Bidder to provide following along with commercial offset offer:

a) Undertaking that IOP is an eligible offset partner as per applicable guidelines.

b) Company profile of IOP/agency.

c) Details with values of the proposed offset, including details of Tier-I sub-contractors, if any.

d) Letter of IOP/agency confirming acceptance of the offset project in case of direct purchase or investment.

f) Value of investment supported by documentary evidence.

g) Bidder to provide Detailed Project Report (DPR) with cost break-up relating to Para 3.1(b) and(c) of the offset guidelines at Appendix D to Chapter II should be indicated, as applicable.

****
OFFSET CONTRACT

Contract No. _______ Dated ________________

This Offset Contract entered into this day of ________________ hereinafter referred to as the “Effective Date”, is by and between

(a) The President of India represented by the Joint Secretary and Acquisition Manager (Land Systems/Maritime Systems/Air) Ministry of Defence, Government of India, New Delhi, hereinafter referred to as the “Buyer” on the one part and

(b) M/s (Name of the Vendor) duly represented by _______________ and incorporated under the laws of ______________ having its registered office at _______ herein after referred to as “Seller” on the other part.

Whereas, the Seller has been awarded a Contract, Contract Number _________ dated ___________ for the Project titled __________________, and the Procurement Contract stipulates a total amount of ______________ to be paid by the Ministry of Defence, Government of India for the provision of the seller’s goods and/or services and

The Seller clearly understands and agrees to the Offset Clause given in the RFP and the Defence Offset Guidelines at Appendix-D of Chapter-II of the DPP, referred to as the Defence Offset guidelines.

Now, therefore, the Buyer and the Seller agree as follows: -

(1) The Seller understands and agrees that the Procurement contract No. ___________ dated ______ is subject to the fulfilment of the offset obligations laid down in the RFP. The total amount of this Offset Obligation is ______________ which is (specified) percent (# %) of the supply contract value.

(2) In the event that the Procurement contract value is increased or reduced, the Seller’s Offset Obligation shall be adjusted proportionately.

(3) The Offset start date applicable to the Offset Obligations hereunder shall be the effective date of Procurement contract number ___________ dated ___________.

(4) The Seller agrees and promises to discharge its Offset Obligations in accordance with the Offset Schedule attached to this contract. The Offset Schedule may not be changed or amended in any way without the prior written agreement of the Defence Offsets Management Wing (DOMW).

(5) Within ninety (90) calendar days from the Effective Date of this contract, the Seller shall, in writing, provide the DOMW, Department of Defence Production, with a copy of the offset programme contracts entered into with Indian offset partners and a list of the Company’s official contact persons for all matters related to this agreement and the performance of the Seller’s Offset Obligation. The list shall specify the name, mailing address, street address, telephone, and facsimile numbers of the official contact and shall be limited to three (3) official contacts. Any and all communications and correspondence by the DOMW with any of the said official contacts shall be deemed as if by the Ministry of Defence with the Seller.
(6) In the event of force majeure, representative of the DOMW and the Seller’s representative will meet to assess progress under the programme prior to the date of the force majeure event and determine a mutually agreeable manner and schedule for fulfilment of the Seller’s remaining Offset obligations.

(7) This Contract, and any and all matters relating to the fulfilment of the Seller’s Offset Obligations and performance under the programme, shall be interpreted and be subject to the Laws of the Republic of India.

(8) The provisions in the main Procurement contract No.___________ dated______ regarding arbitration will be applicable to the offset contract.

(9) It is clarified that any general term/clause that is not included in the offset contract but is included in the main Procurement contract (e.g. Force Majeure, jurisdiction of Indian Courts, use of undue influence, agents, etc.) would ipso facto apply to the offset contract.

****
REPORT ON FULFILMENT OF OFFSET OBLIGATIONS

1. MAIN CONTRACT NO AND EFFECTIVE DATE______________________

2. INDIAN OFFSET PARTNER _________________________________

3. OFFSET CONTRACT NUMBER ________

4. PRODUCT NUMBER AND NAME ____________________________

5. SCHEDULE OF OFFSET OBLIGATIONS AND FULFILMENT

<table>
<thead>
<tr>
<th>No</th>
<th>Eligible Products/Services Offered</th>
<th>Value of Offset Committed</th>
<th>Date by Which to Be Fulfilled</th>
<th>Actual Value fulfilled by reporting date</th>
<th>Remarks including penalties, if any</th>
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6. Explanatory notes, if any

7. Supporting enclosures with respect to column 5 above for actual value fulfilled.

8. Value of investment must be supported by documentary evidence.

9. In respect of Technology Acquisition proposals under Para 3.1 (e) of Defence Offset Guidelines, a copy of this report may also be sent to DIITM/DRDO.

****
LIST OF PRODUCTS ELIGIBLE FOR DISCHARGE
OF OFFSET OBLIGATIONS

1. **Arms**
   Small arms, mortars, cannons, guns, howitzers, anti-tank weapons.

2. **Ammunition and Explosives**
   (a) Bombs, torpedoes, rockets, missiles.
   (a) Energetic materials, explosives, propellants and pyrotechnics.

3. **Armoured Vehicles**
   Tracked and wheeled armoured vehicles, vehicles with ballistic protection designed for military applications, mine protected vehicles.

4. **Naval Platforms**
   (a) Vessels of war and special naval systems.
   (b) Weapons, sensors, armaments, propulsion systems, machinery control systems, navigation equipment/instruments, hull forms of warships, submarines, auxiliaries related to Para 4(a) above.
   (c) Other Vessels/crafts/boats related to Para 4(a) above.

5. **Aircraft**:
   (a) Aircraft including helicopter, unmanned airborne vehicles, aero engines for military use.
   (b) Maintenance, Repair and Overhaul (MRO) related to aircrafts and helicopters.

6. **Electronics and Communication equipment**
   Electronics and communication equipment specially designed for military use such as electronic counter measure and countermeasure equipment surveillance and monitoring, data processing and signaling, guidance and navigation equipment, imaging equipment and night vision devices, sensors.
7. **Other Defence Products:**

(a) Forgings, castings and other unfinished products which are specially designed for products for military applications.

(b) Personal Protective Equipment.

(c) Troop Comfort Equipment.

(d) Parachutes

(e) Direct energy weapon systems, counter-measure equipment, super conductive equipment.

**Note:**

(i) Components related to above categories are also eligible for offset discharge

(ii) *Investment in civil infrastructure and related equipment is excluded from the list of eligible products and services, unless specifically indicated.*

****
LIST OF TECHNOLOGY ELIGIBLE FOR DISCHARGE OF OFFSET OBLIGATIONS

i. 250 KW Silver Zinc Battery

ii. Guidance wire for Torpedo

iii. Helicopter Fire Control System

iv. Mine Counter Measure Vessel

v. Early Warning Suite for fighter aircraft

vi. Diesel engine technology for ships

vii. Powder Metallurgy Technology (for 3D printing – Ti Alloys, Tungsten Alloy and Super Alloy)

viii. Single crystal/Dissolved crystal

ix. Magnetic signature duplicator (MSD) or Electro-magnetic device (EMD) for use in conjunction with mine plough attachments for main battle tank.

x. Light weight armoured composite material and fabrication/manufacturing technology.

xi. Engine for Futuristic Infantry Combat Vehicle.

xii. Marine Gas turbine for warship propulsion

xiii. Propeller and Shafting

xiv. Magazine Fire Fighting System

xv. Propulsion Motor Technology

xvi. Cognitive Computing

xvii. Waveforms for Cognitive Radios

xviii. WIFI Technology for Smart Next Generation Radios

xix. Advance OFDM Waveform with MANET features

xx. RAS equipment’s & NATO Probes

xxi. Machine Learning

xxii. Cyber Technologies

xxiii. AESA Radar

xxiv. Optics

xxv. RLG Sensors

xxvi. Flight Control Servers

xxvii. HUMS- sensors technology, integration, data storage and analysis
xxviii. Smart MFDs Algorithms, open system architecture
xxix. Large Area Displays with touch screens- display, data handling
xxx. Electro-Optic Sensors technology and integration
xxxi. Infra-Red Sight and Target sensors technology and integration
xxxii. Encryption Techniques for Video/ Audio/ Digital Data in Variable Frequency Bands
xxxiii. Encryption Techniques for Secured Data Links
xxxiv. Digital Flying Controls computational techniques
xxxv. Automatic Flying Controls Systems and sensors—Design Process
xxxvi. Light weight rugged ship borne radar antenna design technology
xxxvii. Intermediated Frequency Stage Video Extractor for Radar.
xxxviii. Light weight Base Line Interferometry (BLI) and Circular Interferometry (CI) wide band ESM antenna
xxxix. Active sonar system with multi-static capability
xl. Flex-tensional low frequency transducer.
xli. Micro Electro Mechanical System (MEMS) elements and fiber optic sensor based underwater transducer
xlili. Acoustic sensor with passive Target Motion analysis (TMA) capabilities
xlili. Mine and Obstacle avoidance Tools
xliv. Artificial Intelligence Enabled Systems Technology
xlv. MPMSDF/TERA
xlvi. Unmanned Under Water Vehicles (UUVs)
xlvii. AI Enabled Automatic Test Equipment
xlviii. Air Independent Propulsion (AIP) like Fuel Cells and Sterling Engine System for marine application
xlix. Non-Hull penetrating Masts for submarines.
li. Li-Ion Batteries for submarines
lii. Radar absorbent paints for submarine and masts
liii. Multi-phased generators and special rectifiers
lax. Specialized cables associated with weapons and sensors.

Note: (i) All items above will be restricted to defence and synergistic sectors like civil aerospace and internal security only.
(ii) Investment in civil infrastructure is excluded unless specifically indicated.
LIST OF CRITICAL DEFENCE TECHNOLOGY AREAS AND TEST FACILITIES FOR ACQUISITION BY DRDO THROUGH OFFSETS
(To be reviewed periodically)

Critical Technology Areas*

(i) Seeker Technology
(ii) Jet engine above 90KN
(iii) Technology Modules for High Performance Drones
(iv) MMIC for usage in high performance RF Design for Radios
(v) Robotics for smart Ammunition
(vi) Balance life assessment technology/Medium Refit Life Certification
(vii) Graphite Block with high flexural strength for application in nozzles for rockets.
(viii) Smart Ammunition including precision guided ammunition, course correction fuzes.
(ix) Fiber Optics data bus (CANBUS/ARINC 818/AFDX), Data Bus cards and associated accessories
(x) Single Crystal Blade Manufacturing Process
(xi) Stealth Technology
(xii) Variable Exhaust Nozzle actuation mechanisms for straight and Vectored Thrust application
(xiii) Sensors, actuators, RF devices, Focal plane arrays.
(xiv) Nano technology based sensors and displays.
(xv) EM Rail Gun technology.
(xvi) High efficiency flexible Solar Cells technology.
(xvii) Molecularly Imprinted Polymers.
(xviii) Technologies for Hypersonic flights (Propulsion, Aerodynamics and Structures).
(xix) Technologies for generating High Power Lasers and CW Fiber Lasers.
(xx) Pulse power network technologies.
(xxi) Tera Hertz Technologies.
(xxii) Surface Coated Double Base (SCDB) Propellant
(xxiii) Shock Hardened Sensors
(xxiv) Shared Aperture Antenna
(xxv) Space Time Adaptive Processing (STAP) methodologies
(xxvi) Optical TRMM’s/optical to RF units
(xxvii) Aramid Fiber & High Performance Polyethylene Fiber Production Technology.
(xxviii) Manufacturing of 1,2,4-Butanetriol by Microbial synthesis (Biotechnology)
(xxix) Super Capacitors
(xxx) Tactical sensors for detecting biological agents.
(30) Artificial Intelligence based under water target detection.
(31) Extended Range Guided Munition (ERGM) projectiles for larger calibre guns.

*Visit DRDO website (www.drdo.org) for more details.
GUIDELINES FOR TECHNOLOGY ACQUISITION

1. Technology Acquisition (TA) proposals are a valid method for discharge of offset obligations under Para 3.1(e) of Appendix-D.

2. All offset proposals will be submitted by the Vendors to the concerned Technical Manager in Acquisition Wing as per Para 7.2 of the Defence Offset guidelines. Proposals submitted under Para 3.1(e) of Appendix-D will be clearly indicated by the OEM and submitted in a separate envelope in the format appended to this Annexure.

3. The Directorate of Industry Interface and Technology Management (DIITM) in the DRDO will be the nodal agency for all matters related to Technology Acquisition by DRDO. All TA proposals will be forwarded by the Technical Manager to the DIITM/DRDO. Each proposal under this category will be given a unique identification number by DIITM/DRDO prefixed by “TA” to indicate Technology Acquisition.

4. DRDO will establish a Technology Acquisition Committee to be serviced by DIITM. The TAC will be a multi-disciplinary technology evaluation committee, comprising domain experts from the concerned laboratories, other national S&T laboratories, Service Headquarters, HQ IDS, members from academia and research institutions, Additional Financial Adviser (DRDO), and other organizations as deemed necessary, specific to each proposal received. TAC could seek the services of professional bodies for valuation of technology, if required.

5. TAC will process cases acceptable as valid offset proposals after initial screening. If the TAC in its assessment feels that the technology so indicated is already available and/or is of no further use by the DRDO, it may reject the proposal and intimate the Technical Manager. Recommendations of TAC will be incorporated in the TOEC report under Para 8.1 of the Offset Guidelines.

6. The TAC may call for a presentation and detailed technical discussions with the OEM/Vendor to understand various aspects of the proposal. Where necessary, the TAC may visit the Vendors’ premises to make an assessment of the technology offered.

7. TAC will make its recommendations based on viability of the proposal, the technology implications, options for availability of the technology, range and depth of acquisition indicated, absorption capability in the country, status of IP before, on and after acquisition and a fair assessment of the cost of technology. The TAC will recommend a multiplier up to 3, with detailed justification, as indicated in Para 5.12 of the Offset guidelines.

8. Recommendations of TAC will include the following:

   (i) Merits of the Technology Acquisition proposal, including timeframe for absorption, with phasing.

   (ii) Value of offset credits to be assigned for the proposal with detailed justification.

   (iii) Indicate the time frame, modalities and potential for utilisation of the technology.
9. Offset credits will be assigned by DOMW after completion of TA, as certified by DRDO.

10. TAC will forward its recommendations to the Technical Manager after approval by SA to RM within a period of 4-8 weeks of its constitution.

*****
FORMAT FOR SUBMISSION OF TECHNOLOGY ACQUISITION PROPOSALS

The format for submission of Technology Acquisition proposals should address the following aspects:

- The proposal should clearly state that it is under Technology Acquisition category.
- Background of the proposal.
- Technology offered with key elements of technology indicated.
- Components of technology and the nature of transfer.
- Basic infrastructure required for absorption including technical manpower.
- Patents held and status of IPs.
- Development status and contemporary nature of the technology.
- Status of requisite government approvals.
- Present use of said technology in home country and its Armed Forces.
- Offset credits claimed.
- Any other relevant aspect.

****
DEFINING ATTRIBUTES AND DECISION FLOW CHARTS

Note: These broad guidelines may be considered for deciding the categorisation.

1. Decision Flow Charts

   Following Flow Charts are Annexed to this Appendix:

   (a) Annexure I  -  Buying Priority Chart
   (b) Annexure II -  Chart 1-Buy (Indian- IDDM)
   (c) Annexure III - Chart 2-Buy Indian
   (d) Annexure IV - Chart 3-Buy & Make (Indian)
   (e) Annexure V  -  Chart 4-Buy & Make
   (f) Annexure VI - Chart 5-Buy (Global) and Buy (Global – Manufacture in India)
   (g) Annexure VII - Chart 6-Make Procedure

Defining Attributes of Procurement Categories

2. Defining attributes of the ‘Buy (Indian-IDDM)’ category

   (a) The equipment/system/platform is already in service, having been produced by Indian industry based on in-house R&D or through ‘Make’ scheme or developed under Para 72 of Chapter II in the past.

   Or

   (b) The equipment/system/platform is already in service, having been produced by Indian industry based on transfer of technology from a foreign vendor.

   Or

   (c) Though not in service, but is available in Indian industry for some other sector.

   Or

   (d) Though not in service, equipment/system/platform can be produced as all key technologies are available and Indian industry has capability to design, develop, manufacture, test and integrate the system.

   And

   (e) In case of upgrades of in-service equipment/system/platform, Indian industry has the requisite technology and capability to implement the upgrades sought, through one of the means detailed above.

   And

   (f) In each of the above situations, the Indian industry can deliver the equipment/system/platform with the stipulated indigenous content, firstly for trials and secondly for operational use as per indicated time schedule and in requisite numbers.
3. **Defining attributes of the ‘Buy (Indian)’ category**

(a) The equipment/system/platform is already in service, having been produced by Indian industry.

\[ Or \]

(b) Though not in service, but is available in Indian industry for some other sector.

\[ Or \]

(c) Though not in service, equipment/system/platform can be produced as all key technologies are accessible and Indian industry has capability to manufacture, test and integrate the system.

\[ And \]

(d) In case of upgrades of in-service equipment/system/platform, technology is available to Indian industry, which has the capability to implement the upgrades sought, through one of the means detailed above.

\[ And \]

(e) In each of the above situations, the Indian industry can deliver the equipment/system/platform with the stipulated indigenous content, firstly for trials and secondly for operational use as per indicated time schedule and in requisite numbers.

4. **Defining attributes of the ‘Buy and Make (Indian)’ category**

(a) The equipment/system/platform or the required upgrade is available with foreign OEMs (whether in service in foreign country or not)

\[ And \]

(b) The foreign OEMs should be willing to provide Transfer of Technology (ToT) for indigenous manufacturing and provide Maintenance ToT (MToT), pertaining to critical technologies as per the specified range, depth and scope.

\[ And \]

(c) Indian industry can absorb the technology and create the necessary production, test and integration facilities and poise for the up-gradation needed.

\[ And \]

(d) Indian industry can deliver the equipment/system/platform with the stipulated indigenous content, for operational use as per indicated time schedule and in requisite numbers (graded approach for indigenous manufacture i.e. Fully Formed (FF), Semi Knocked Down (SKD) Kits, Completely Knocked Down (CKD) kits, Indigenous Manufacture (IM) kits).

5. **Defining attributes of the ‘Buy and Make’ category**

(a) The equipment/system/platform or the required upgrade is available with foreign OEMs (whether in service in foreign country or not).

\[ And \]

(b) The foreign OEMs should be willing to provide Transfer of Technology (ToT) for indigenous manufacturing and provide Maintenance ToT (MToT), pertaining to critical technologies as per the specified range, depth and scope.

\[ And \]

(c) One or more than one Indian vendor, who can absorb the technology and create the necessary production, test and integration facilities, have been identified as Production Agencies (PAs). In case more than one PAs are available, foreign OEMs are allowed to select PA.

\[ And \]
(d) The equipment/system/platform with the stipulated indigenous content, as per indicated time schedule and in requisite numbers (graded approach for indigenous manufacture i.e. Fully Formed (FF), Semi Knocked Down (SKD) Kits, Completely Knocked Down (CKD) kits, Indigenous Manufacture (IM) kits), can be effected through the selected Indian PA.

6. **Defining attributes of the ‘Buy (Global) and Manufacture in India’ category**

   (a) The equipment/system/platform or the required upgrade is available with foreign OEMs (whether in service in foreign country or not).

   And

   (b) The foreign OEMs should be willing to setup a subsidiary with complete facilities for manufacturing of manufacturing of the entire equipment or spares/assemblies/sub-assemblies/Maintenance, Repair and Overhaul (MRO) facility for the entire life cycle support of the equipment.

   And

   (c) The equipment/system/platform with the stipulated indigenous content, as per indicated time schedule and in requisite numbers can be effected by the OEM from the manufacturing facility in India.

7. **Defining attributes of the ‘Buy (Global)’ category**

   (a) The requirement of equipment/system/platform is not of strategic or long term nature which cannot be fulfilled through higher preference category; under this circumstance, the following may be ensured:-

   (i) Buy (Global) on multi or single vendor basis.

   (ii) Fast Track Procedure in case of urgent operational requirements.

   Or

   (b) The requirement is of strategic nature and/or of long term nature. A single foreign vendor or all foreign vendors of the same country can provide equipment/system/platform; under this circumstance, the following may be ensured:

   (i) Buy (Global) under Government to Government arrangement.

   (ii) In case of multiple vendors, product may be selected before approaching the foreign Government.

   (iii) Conclude Inter Governmental Agreement if one does not already exist, as required.

   (iv) Requirement of ToT/MToT as required/likely to be made available may be factored.

   Or

   (c) The requirement is of strategic nature and/or of long term nature. More than one foreign vendors from different countries can provide equipment/system platform; under such circumstance, the following may be ensured:

   (i) Buy (Global) on competitive bidding basis

   (ii) Involve the Govt. of L1 bidder if required.

   (iii) Include ToT/MToT as necessary.
8. **Defining attributes for categorisation of procurement under the ‘Make’ category**

(a) The equipment/system/platform or their upgrades or their sub-systems/sub-assembly/assemblies/major components, as the case may be, would be designed and developed based on matured technologies.

Or

(b) The equipment/system/platform or their upgrades or their sub-systems/sub-assembly/assemblies/major components, as the case may be, would be developed using matured/proven technologies which are available to the Indian industry through indigenous or foreign sources; however access to technology and other production related dependencies should be under the control of Indian entities only.

And

(c) Fundamental research & development (R&D) of core technology or materials is not envisaged.

And

(d) Indian industry has or can establish the requisite capability for development, manufacturing, test, integration and production.

And

(e) Adequate time is available for induction of capability.

And

(f) Minimum indigenous content at prototype development and production stages, as stipulated, can be achieved.

****
Buying Priority Chart

Requirement of equipment/platform/system(product) or their upgrade.

Is the product as per SQR, already in service?

Yes

Is the product available in India, and meets Buy (Indian-IDDM) criteria?

Yes

Refer chart No. 1 (Buy Indian (IDDM))

No

Refer Chart 6 (Make Procedure)

No

Is the need such that it is not immediate and there is sufficient time for indigenous design and development?

Yes

Is the product, with stipulated IC (>=40%), available with an Indian vendor?

Yes

Is the need long term and recurring?

Yes

Refer Chart 2 (Buy Indian) and Chart 6 (Make Procedure)

No

Refer Chart 2

Is it possible for Indian vendor(s) to develop the product based on technology transfer from foreign vendor(s)?

Yes

Is the need long term and recurring?

Yes

Refer Chart 3 (Buy & Make (Indian)) and Chart 6 (Make Procedure)

No

Refer Chart 5 (Buy Global)

Yes

Is it plausible that foreign vendor(s) will be willing to supply the product through transfer technology to suitable Indian vendor(s)?

Yes

Is the need long term and recurring?

Yes

Refer Chart 4 (Buy & Make) and Chart 6 (Make Procedure)

No

Refer Chart 4 (Buy & Make) and Chart 6 (Make Procedure)
Chart 1 - Buy Indian (IDDM)

Equipment/platform/system (product) or their upgrade required under ‘Buy Indian (IDDM)’ categorisation of procurement.

Is the product indigenously designed, developed and manufactured the product with stipulated IC (>=40%)?

Yes

Does the product meet the essential parameters detailed in the SQR?

No

Can the vendor(s) meet the delivery schedule as required by the SHQ(s)?

Yes

Can the vendor(s) field the product in time for evaluation and trials?

No

Is it cost prohibitive to procure the product under Buy (Indian-IDDM) category?

Yes

Categorise the equipment/platform/system (product) or the required upgrade under ‘Buy (Indian-IDDM)” procurement

No

Is the product with the stipulated IC (>=60%), but not an indigenous design?

Yes

Record all reasons for not considering the procurement under ‘Buy (Indian-IDDM)” category.

No

Refer Chart 2 (Buy (Indian))
Chart 2 - Buy Indian

Equipment/platform/system or their upgrade required under ‘Buy (Indian)’ categorisation of procurement.

Is the product available from the Indian industry, with the stipulated IC (>= 40%)?

-Yes

Does the product meet the essential parameters detailed in the SQR?

-Yes

Can the vendor(s) meet the delivery schedule as required by the SHQ(s)?

-Yes

Can the vendor(s) field the product in time for evaluation and trials?

-Yes

Is it cost prohibitive procure under ‘Buy Indian’ category?

-No

Record all reasons for not considering the procurement under ‘Buy (Indian)’ category

-Refer Chart 3 (Buy & Make (Indian))
Chart 3 – Buy & Make (Indian)

Equipment/platform/system (product) or their upgrade required under ‘Buy & Make (Indian)’ categorisation

Is the product, meeting the essential SQR parameters, available with foreign vendor(s)?

- Yes
- No

**No**

Review SQRs or initiate categorisation under ‘Make’ procedure

**Yes**

Is the need long term and recurring in nature?

- Yes
- No

**No**

Would the inducted numbers justify long term life cycle support locally?

- Yes
- No

**No**

Initiate categorisation under ‘Buy Global’ procedure

**Yes**

Can Indian vendor(s) absorb the technology from foreign vendor(s)?

- Yes
- No

**No**

Can Indian vendor(s), tie-up with suitable foreign vendor(s) for initial sale, for transfer of technology, and build the test facilities?

- Yes
- No

**No**

Can the Indian vendor(s) meet the delivery schedule as required by the SHQ(s)?

- Yes
- No

**No**

Can the Indian vendor(s) field the product in time for evaluation and trials?

- Yes
- No

**No**

Is it cost prohibitive to procure the product from Indian vendor(s) under ‘Buy and Make (Indian)’ category?

- Yes
- No

Categorise the equipment/platform/system (product) or the required upgrade under ‘Buy & Make (Indian)’ procurement

**Yes**

Record all reasons for not considering the procurement under ‘Buy and Make (Indian)’ category.

Refer Chart 4 (Buy & Make)
Chart 4 – Buy & Make

Equipment/platform/system (product) or their upgrade required under ‘Buy & Make’ categorisation

Is the product development capability available with foreign vendor(s)?

Is the need long term and recurring in nature?

Would the inducted numbers justify long term life cycle support locally?

Can foreign vendor(s), tie-up suitable Indian partner(s) for transfer of technology (ToT), and building of test facilities?

Can Indian industry absorb the technology from foreign vendor(s)?

Will the product produced by Indian industry, post ToT, meet the essential parameters detailed in the SQR?

Can the foreign vendor(s), with the support of the Indian partner, meet the delivery schedule as required by the HQ(s)?

Can the foreign vendor(s) field the product in time for evaluation and trials?

Is it cost prohibitive to procure the product under ‘Buy and Make’ category?

Review SQRs or initiate ‘Make’ categorisation procedure

Initiate categorisation under ‘Buy Global’ procedure

Categorise the equipment/platform/system (product) or the required upgrade under ‘Buy & Make’

Record all reasons for not considering the procurement under ‘Buy and Make’ category.

Initiate categorisation under ‘Buy Global’ procedure
Chart 5 – Buy (Global)/Buy (Global- Manufacture in India)

Equipment/platform/system (product) or their upgrade required under ‘Buy (Global)’ categorisation

Is the requirement of long term strategic nature?

Yes

Are there more than one foreign OEMs who are willing to supply?

Yes

Are the OEMs, willing to supply their product, from different countries?

Yes

Initiate ‘Buy (Global)’ under global tender or ‘Government to Government’ agreement

No

Buy (Global) through a global tender; adopt fast-track procedure if necessary

No

Can the vendor(s) meet the delivery schedule as required by the SHQ(s)?

Yes

Can the vendor(s) field the product in time for evaluation and trials?

Yes

Is it cost prohibitive to procure the product under ‘Buy (Global)’ category?

Yes

Categorise the equipment/platform/system (product) or the required upgrade under ‘Buy (Global)’ procurement

No

Are the Vendors ready to manufacture in Indian as per para 11 of Chapter 1?

Yes

No

Categorise the equipment/platform/system (product) or the required upgrade under ‘Buy (Global)’ procurement
Chart 6 – Make Procedure

Equipment/platform/system (product) or their upgrade required under ‘Make’ categorisation of procurement.

Is it a critical requirement for the Indian armed forces?

Yes

Does the product development entail high risk for the industry, which it is not willing to take?

Yes

Does the Indian industry have the technical capability to design and develop the system?

Yes

Is the Indian industry willing to develop the product, with the stipulated IC, under the ‘Make’ program?

Yes

Can the Indian industry field the equipment for trial and evaluation as per service requirements?

Yes

Can the Indian industry meet the development, testing and delivery schedule?

Yes

‘Make - I’ procedure to be initiated

No

‘Make - II’ procedure to be initiated

No

Is the system of low risk nature for the industry and is not indigenously manufactured/developed?

Yes

Is the Indian industry willing to develop the system with no funding, but assured RFP?

Yes

Does the Indian industry have the technical capability?

Yes

Can the Indian industry meet the development, testing and delivery schedule?

Yes

Review SQRs
**PROPOSED TIMELINE FOR PROCUREMENT**

*Note*: This is the proposed timeline unless otherwise spelt out at Para 3(q) of Appendix C.

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Stage of Procurement</th>
<th>Time Line as per DPP (in weeks)</th>
<th>Time Line as per DPP (Cumulative Time-in weeks)</th>
<th>Proposed Time Line</th>
<th>Remarks/Reason for variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Acceptance of Necessity (Date of issue of minutes of DAC/DPB/SPB meeting)</td>
<td>-</td>
<td>To</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Issue of RFP</td>
<td>08</td>
<td>To+08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Pre Bid Meeting</td>
<td>06</td>
<td>To+14</td>
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</tr>
<tr>
<td>4.</td>
<td>Dispatch of Pre Bid reply</td>
<td>03</td>
<td>To+17</td>
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</tr>
<tr>
<td>5.</td>
<td>Receipt of Responses</td>
<td>03</td>
<td>To+20</td>
<td></td>
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<tr>
<td>6.</td>
<td>Completion of TEC Report</td>
<td>10</td>
<td>To+30</td>
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<tr>
<td>7.</td>
<td>Acceptance of TEC Report</td>
<td>04</td>
<td>To+34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Completion of Technical Offset Evaluation Committee Report</td>
<td>04-08* (*concurrent activity)</td>
<td>To+34* (*concurrent activity)</td>
<td></td>
<td>Only in case of Offsets</td>
</tr>
<tr>
<td>10.</td>
<td>Completion of Field Evaluation (Trials)</td>
<td>16-24</td>
<td>To+50-To+58$</td>
<td></td>
<td>$ Additional 12 weeks permitted if winter trials are required.</td>
</tr>
<tr>
<td>11.</td>
<td>Completion of Staff Evaluation</td>
<td>04</td>
<td>To+54-To+62$</td>
<td></td>
<td>“</td>
</tr>
<tr>
<td>12.</td>
<td>Acceptance of Trials/Staff Evaluation Report</td>
<td>04</td>
<td>To+58-To+66$</td>
<td></td>
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</tr>
<tr>
<td><strong>13.</strong> Acceptance of TOC Report (If applicable)</td>
<td>0/04* (*If applicable)</td>
<td>To+58-To+70$</td>
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<tr>
<td><strong>14.</strong> (i) Finalisation of CNC Report (ii) Finalisation of Offset Contract</td>
<td>(i) Multi-vendor -06 (ii) Resultant Single Vendor 18-26</td>
<td>(i) Multivendor To+64-To+76$ (ii) Resultant Single Vendor To+76-To+96$</td>
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<tr>
<td><strong>15.</strong> Obtaining of CFA-MoD/MoF/CCS approval</td>
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<td>(i) Multi-vendor To+68-To+92$ (ii) Resultant Single Vendor To+80-To+112$</td>
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<td>CFA-MoD</td>
<td>4-8</td>
<td>04-16</td>
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<tr>
<td>CFA-MoD &amp; MoF</td>
<td>6-12</td>
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<tr>
<td>CFA-CCS</td>
<td>6-16</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td><strong>16.</strong> Signing of Main Contract &amp; Signing of Offset Contract</td>
<td>02</td>
<td>(i) Multi-vendor -To+70-To+94$ (ii) Resultant Single Vendor To+82-To+114$</td>
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$ Additional 12 weeks permitted if winter trials are required.

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# BROAD TIME FRAME FOR PROCUREMENT ACTIVITIES

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Stage of Procurement</th>
<th>Time (in weeks)</th>
<th>Cumulative Time (in weeks)</th>
<th>Offset Activity</th>
<th>Time (In Weeks)</th>
<th>Cumulative Time (in weeks)</th>
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<tbody>
<tr>
<td>1.</td>
<td>Acceptance of Necessity (Date of issue of minutes of DAC/DPB/SPB meeting)</td>
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<td>5.</td>
<td>Receipt of Responses</td>
<td>03</td>
<td>To+20</td>
<td>Receipt of Offset Compliance</td>
<td>12</td>
<td>20</td>
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<tr>
<td>6.</td>
<td>Completion of TEC Report</td>
<td>10</td>
<td>To+30</td>
<td>Submission of Technical and Commercial Offset proposals</td>
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<td>32</td>
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<td>7.</td>
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<td>04</td>
<td>To+34</td>
<td>Acceptance of TOEC report by DG (Acq)</td>
<td>8-12</td>
<td>40-44</td>
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<td>8.</td>
<td>Completion of Technical Offset Evaluation Committee Report (*concurrent activity)</td>
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<td>To+34* (*concurrent Activity)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>Acceptance of Technical Offset Evaluation Committee Report (*concurrent activity)</td>
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(Refers to Para 107 (a) of Chapter II)
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<th>Completion of Staff Evaluation</th>
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<td>Concurrent with other negotiations</td>
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<td>Obtaining of CFA-MoD/MoF/CCS approval CFA-MoD</td>
<td>4-8</td>
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4
Appendix F to Chapter II
(Refer to Para 44 of Chapter II)

"GUIDELINES TO BE FOLLOWED WHEN CHANGE OF NAME OF VENDOR IS
INVOLVED WHILE PARTICIPATING IN THE PROCUREMENT PROCESS"

1. Whenever, the vendor participating in the defence procurement process, initiates the
process for change of name with corporate regulatory authorities, due to change in business
strategy, merger/acquisition or any other reason resulting in losing its original legal identity, it
must inform the MoD/User Directorate at the earliest about its intent to change name on its
official letter head signed by the authorised representative. If, at any stage of the defence
procurement phase, approval of merger/amalgamation/acquisition is granted by courts/regulatory
authorities, resulting in change of name, then the vendor should submit self authenticated
relevant documents such as new certificate of incorporation issued by an appropriate Registrar of
Companies (ROC) along with Novation Agreement, an undertaking by the new company whose
format is given at Annexure to this Appendix, at the earliest after grant of approval by ROC. If
any foreign company is involved in the ‘merger and acquisition’ and if documents are in
languages other than English, then a self-certified/official/legal translation of the document along
with the original as well as RBI approval should also be submitted. The onus of submitting all
relevant, self-authenticated, authentic documents lies with the vendor affected.

2. User Directorate/MoD shall process the change of name of vendor case for consent of the
approving authority concerned. On grant of consent, vendor would be informed and he would
have to submit new Pre-Contract Integrity Pact (PCIP), Integrity Pact Bank Guarantee (IPBG)
and any other applicable financial instruments/documents bearing the new entity name.

Approving Authorities for the Change of Name of Vendor while Participating in the
Procurement Process

3. The approving authorities for change of name of vendor in all cases will be as follows:-

(a) **Pre-Contract Stage** Case is to be processed by SHQ. Consent is to be given
by DG (Acq) for schemes granted AoN by DPB/DAC and
VCOAS/VCNS/DCAS/CISC/DG ICG for schemes granted AoN by SPB (i.e. for all
schemes under delegated powers).

(b) **Post-Contract Stage** The case has to be processed by SHQ/Acquisition
Wing for consent of Raksha Mantri or VCOAS/VCNS/DCAS/CISC/DG ICG (in case of
delegated power cases). On obtaining consent, a corrigendum to the sanction letter
reflecting the change in name of vendor is to be issued.

Checklist for Vendor

4. Whenever the company applies to the regulatory authorities for ‘change of name of
company”, it must inform User Dte/MoD through a letter about proposed change of name and reason for the same.

5. When change of name is approved by regulatory authorities, the following documents must be submitted to User Dte/MoD at the earliest:

   (a) **Before Submission of Response to RFP**

      (i) Information Proforma for Vendors as given at Appendix B to Chapter II of DPP.

      (ii) New certificate of incorporation issued by the appropriate Registrar of Companies in case of Indian vendors or an equivalent organisation in country from where new entity would be operating in case of foreign company.

      (iii) Copy of RBI Approval in case of merger/acquisition between Indian and foreign company(s).

   (b) **If Response To RFP Submitted Or The Contract Has Been Signed**

      (i) Information Proforma for Vendors as given at Appendix B to Chapter II of DPP.

      (ii) New certificate of incorporation issued by the appropriate Registrar of Companies in case of Indian vendors or an equivalent organisation in country from where new entity would be operating in case of foreign company.

      (iii) Copy of RBI Approval in case of merger/acquisition between Indian and foreign company(s).

      (iv) Undertaking/Novation agreement by new company (as per the format given at Annexure to Appendix F to Chapter II)

6. On grant of consent to the case of change of name by the User Dte/MoD, the following documents bearing the new entity name will be submitted by vendor:

   (a) New Pre-Contract Integrity Pact (PCIP)

   (b) Integrity Pact Bank Guarantee (IPBG)

   (c) Advance Bank Guarantee/Bank Guarantee and

   (d) Any other applicable financial instruments/documents bearing the new entity name.

7. In case the documents are in languages other than English then a self-
certified/official/legal translation of original documents must be submitted.

**Steps To Be Followed By User Directorate/MoD**

8. Whenever the Company informs of its intent to change of name, the name will be flagged in the vendor database as it has to submit subsequently, the documentary approvals by regulatory authorities.

9. If the vendor is participating in the procurement process, notwithstanding the vendor’s ongoing process of change of name, the procurement process shall continue.

10. Ascertain that vendor has submitted all documents mentioned para 5, as applicable, are self-authenticated by the authorised representative of the vendor.

11. Process the ‘change of name case’ for obtaining consent of Raksha Mantri or DG (Acq) or VCOAS/VCN/DCAS/CISC/DG ICG as applicable.

12. Once the consent is granted inform vendor and solicit additional documents as mentioned in Para 6. Case be monitored till all documents, as applicable are submitted by vendor.

13. All cases involving change of name of vendor not covered by these guidelines shall be brought to the DAC through DPB for consideration.

****
Annexure to Appendix F  
(Refers to Para 1 of Appendix F)

**Note:** If change of name is due to rectification or due to change of business strategy, the terms Transferor and Transferee will be replaced by Old name and new name respectively and all applicable paragraphs will only be included.

**FORMAT FOR UNDERTAKING OR NOVATION AGREEMENT FOR NEW ENTITY**

The _______ (Transferor), a company duly organised and existing under the laws of India with its principal office in _______ (Address) with ROC Number* _______. The _______ (Transferee) a company duly organised and existing under the laws of India with its principal office in _______ (Address) with ROC Number* _______ and the President of India represented by Joint Secretary and Acquisition Manager (Land Systems/Air/Maritime Systems), Ministry of Defence, Government of India, South Block, New Delhi hereafter referred to as BUYER enter into this Agreement as of ________ [insert the date of transfer of assets became effective under applicable law]

* **Note:** A unique company identification number issued by Registrar of Companies or an equivalent regulatory authority in case of foreign company.

1. The parties agree to the following facts:-

   (a) The BUYER has entered into a contract _______ [insert the contract identifications] with the Transferor/The transferor has submitted response to the RFP _______ [insert the RFP identifications]

   (b) As of _______ (date) the Transferor has transferred to the Transferee all the assets to the Transferor by virtue of _______ [Insert term descriptive of legal transaction involved] between the Transferor and the Transferee.

   (c) The Transferee has acquired the assets of the Transferor in respect of Contract/Response to the RFP.

   (d) The Transferee has assumed all obligations and liabilities of the Transferor under the contract/response to the RFP by the virtue of above transfer.

   (e) The Transferee is in a position to fully perform all the obligations that may exist under the contract/response to the RFP.

   (f) Evidence of the above transfer has been filed with the BUYER.

2. In consideration of the above mentioned facts, the parties agree that this Agreement:-
(a) The Transferor confirms the transfer to the Transferee and waives any claims and rights against the BUYER that it now has or may have in future in connection with contract/response to the RFP.

(b) The Transferee agrees to be bound by and to perform each item/Article in the contract/response to the RFP in accordance with the conditions contained in the contract/response to the RFP. The Transferee also assumes all obligations and liabilities of and all claims against, the Transferor under the contract/response to the RFP as if the Transferee were original party to the contract/response to the RFP.

(c) The Transferee ratifies all previous actions taken by the Transferor with respect to the contract/response to the RFP, with the same force and effect as if the action had been taken by the transferee.

(d) The BUYER recognises the Transferee as the Transferor’s successor in interest and to the contract/response to the RFP. The Transferee by this agreement becomes entitled to all rights, titles and interests of the Transferor in and to the contract/response to the RFP, as if the Transferee were the original party to the contract/response to the RFP. Following the effective date of this Agreement, the term “SELLER” as used in the contract/response to the RFP shall refer to the Transferee.

(e) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the BUYER against the Transferor.

(f) All payments and reimbursements previously made by the BUYER to the Transferor and all other previous actions taken by the BUYER under the contract/response to the RFP, shall be considered to have discharged those parts of BUYER’S obligations under the contract/response to the RFP.

(g) The Transferor guarantees payment of all liabilities and the performance of all obligations that the Transferee:

(i) Assumes under this Agreement; or

(ii) May undertake in the future should this contract/response to the RFP be modified under their terms and conditions. The Transferor waives notice of and consents to, any such future modifications.

(h) The contract/response to the RFP shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written.

**BUYER**

By ..................................................

Title ..................................................

[Office Seal]
Transferor
By ....................................................
Title ..................................................
[Corporate Seal]

Transferee
By ....................................................
Title ..................................................
[Corporate Seal]

****
A. FOR SERVICES & COAST GUARD-ABOVE 300 CRORE

1. Acquisition Manager - Chairman.
2. Technical Manager.
3. Finance Manager.
4. Advisor (Cost).
5. DGQA/DGAQA/DGNAI Representative.
6. Procurement Agency Representative.
7. User Representative.
8. Representative of Contract Management Branch at SHQ.
9. Repair Agency Representative.
10. Under Secretary concerned.
11. Member Secretary to be nominated by the Chairman.

Notes:

(i) If with ToT-rep of DDP, DRDO and Production Agency to be included as member.

(ii) Participation of Adviser (Cost) is not required in every CNC and it has to be on an actual requirement basis, as determined by the Chairman.

(iii) If the CNC is chaired by a Service Officer in category A above, then reps may be nominated in place of officers mentioned at Serial no. 1,2,3 of A above.

(iv) If Offset included, then rep of Defence Offset Management Wing (DOMW) to be included as member.

(v) In the absence of the designated member, the authorised representative would be deemed to be suitably empowered to take decisions.

(vi) Approval of DG (Acquisition) to be solicited for any change in the compositions mentioned above.
B. FOR SERVICES & COAST GUARD- UPTO 300 CRORE

1. Officer nominated by VCOAS/VCNS/DCAS/CISC/DG ICG (as per under mentioned norms) - Chairman

   (a) Cases above Rs 50 Crore and upto Rs 300 Crore to be chaired by Major General / Equivalent.

   (b) Cases upto Rs 50 Crore to be chaired by officer not below the Rank of Brigadier / Equivalent.

2. PIFA / IFA(Capital) in respect of Army/Navy/Air Force/CG for CNCs above 50 Crore and upto 300 Crore and reps of PIFA / IFAs for CNCs upto 50 Crores; Rep of PIFA / IFA not to be below the rank of Deputy Secretary.

3. Representative of TM

4. Representative of Nominated Procurement Directorate of the concerned SHQ

5. Representative of DGQA/DGAQA/DGNAI

6. Representative of Repair Agency

7. Representative of Contract Management Branch at SHQ/ICG.

8. Representative of Advisor (Cost).

9. Representative of User Directorate.

10. Member Secretary to be nominated by the Chairman.

Notes:

(i) If with ToT-rep. of DDP, DRDO and Production Agency to be included as member.

(ii) Participation of Rep of Costing Cell is not required in every CNC and it has to be on actual requirement basis as determined by the Chairman.

(iii) In the absence of the designated member, the authorised representative would be deemed to be suitably empowered to take decisions.

(iv) Member of any other agency apart from the prescribed members can be associated with the approval of VCOAS/VCNS/DCAS/CISC/DG ICG.
Annexure II to Appendix C
(Refers to Para 3(q) of Appendix C)

F. No.470/Dir (Acq)/07
Government of India
Ministry of Defence
New Delhi
Dated 12th September, 2007

To:
The Chief of Army Staff
The Chief of Naval Staff
The Chief of the Air Staff
Chief of Integrated Staff Committee

DELEGATION OF FINANCIAL POWERS FOR CAPITAL EXPENDITURE

Sir,

1. I am directed to refer to the following letters of the Ministry of Defence.


   (c) Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 dated 14 July 2006, Air HQ/95378/1/Fin P/2520/US(RC)/Air-II/06 dated 20 July 2006 and Corrigendum No. air HQ/96378/1/Fin P/2321/SO(S)/air-II/06 dated 18 October 2006.

   (d) FP/20135/HQIDS/2350/2006/D(GS-I) dated 8 September 2006 regarding delegation of financial powers to various authorities in the Services for revenue and capital expenditure and to convey the sanction of President to enhancement of powers of the Vice chief of Army Staff/Vice Chief of Naval Staff/Deputy Chief of Air Staff/CISC from ₹ 10 Crore to ₹ 30 Crore for sanctioning capital acquisition schemes for procurement of equipment and stores. These powers will be exercised with the concurrence of the integrated Financial Advisers. The relevant schedules will be deemed to have been amended accordingly. All provisions of MoD Finance letters No. Misc/Addl. FA (M)/06 dated 26.7.2006 and 16.1.2007 would continue to be followed except as amended by this letter.

2. I am also directed to convey the sanction of the President to the following change in the
procedure with immediate effect:

(a) SCAPCHC will be competent to grant Acceptance of Necessity (AoN), categorisation and Quality Vetting in respect of procurement proposals up to the delegated powers of the Services HQts, provided such proposals are included in the Five Year Plan. Any change there from would need the approval of the DPB.

(b) Participation of Adviser (Cost) would be on actual requirement basis.

(c) The Chairman of the CNC in the Services, to be nominated by the CFA, will not be below the level of Brigadier/equivalent rank. The level of the Finance and other members of the CNC will be decided by the IFA and other agencies concerned.

(d) Where the CNC is attended by Jt.IFA/Dy.IFA or any other representative of Integrated Finance, the recommendations of the CNC will be sent for approval with the concurrence of the IFA.

3. It is also clarified that procurement proposals of items up to ₹ 30 crore which have been approved on the basis of estimated prices as part of the procurement proposal of a main weapon system/platform will be negotiated by CNCs under the delegated powers and provided the cost is within the ceiling limit approved for the item(s) no fresh CFA approval will be required. Acceptance of CNC recommendations and expenditure clearance in such cases will be done by the CFA under the delegated powers. The linkage to the main proposal should be brought to the notice of the CFA under delegated powers.

4. The exercise of the financial powers is also subject to availability of funds in the sanctioned budgetary allotment under the relevant Budget Head.

5. The delegated powers also include procurement from foreign sources provided full rupee backing for the amount is available. Separate approval for release of FFE will not be required and release of FFE will only be noted by the respective Financial Planning Directorates after expenditure angle approval for the purchase has been given by the CFA.

6. Directorates of Financial Planning will keep a record of expenditures incurred under the delegated powers. Financial Planning division of HQIDS will be the nodal agency for compiling data of the three Services. HQIDS as nodal agency will submit the monthly expenditure report to FA (Acq) & AS.

7. All provisions of DPP 2006 not affected by the decisions mentioned above and other orders/instructions/procedures concerning capital procurement will continue to be applicable to procurements under the delegated powers.

8. A flow chart highlighting the various stages of the Acquisition process indicating the concomitant responsibility in respect of SHQ for exercising delegated powers is also enclosed.

9. The procedure set out in this letter will apply to all pending procurement proposals that have not already been approved by the DPB/DAC.
10. This issues with the concurrence MoD(Fin) vide ID No. 1310/FM(LS/07 dated 3.8.2007.

Yours faithfully,

(K. K. Kirty)
Director (Acquisition)

Copy to:

CGDA -20 copies (including an ink signed copy) for circulation
DGADS -5 copies
SO to Defence Secretary
PS to Financial Adviser (Defence Services)
PS to Secretary (Defence Production)
PSs to SA to RM, SS (J), DG (Acq), FA(Acq), AS(N), AS(DP)
All Joint Secretaries in the MoD All Addl FAs & JS in MoD (Fin) All JS & AMs, FMs, TMs,
All IFAs in the Service HQrs
ADG (WE), ACNS (P&P), ACAS(Plans)

****
FLOW CHART FOR PROPOSED CAPITAL ACQUISITION
(DELEGATED POWER CASES)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>QR formulation</td>
<td>Service HQ/Joint Staff</td>
</tr>
<tr>
<td>Categorisation/AoN/Qty. Vetting</td>
<td>SPB-For schemes included in 5 Year Capital Plan. Any change there from -DPB</td>
</tr>
<tr>
<td>RFP</td>
<td>* Collegiate Vetting by TM, SHQ and IFA.</td>
</tr>
<tr>
<td></td>
<td>* Issue of RFP by TM after approval of DCAS/VCNS/VCOAS/CISC</td>
</tr>
<tr>
<td>TEC</td>
<td>Approval through TM by VCOAS/VCNS/DCAS/CISC</td>
</tr>
<tr>
<td>Field Trials</td>
<td></td>
</tr>
<tr>
<td>Staff Evaluation</td>
<td></td>
</tr>
<tr>
<td>CNC</td>
<td>Not below the level of Brigadier # (as the case may be)</td>
</tr>
<tr>
<td>CFA approval</td>
<td>VCOAS/DCAS/VCNS/CISC with concurrence of IFA.</td>
</tr>
<tr>
<td>Contract monitoring</td>
<td>Service HQ/Joint Staff/IFA</td>
</tr>
</tbody>
</table>

Notes:


This letter supersedes the delegation of financial powers laid down in respect of the authorities for the specified purpose in the FRs and Schedules to MoD letter No. A/89591/693/FP-1/2002/D(GS-I) dated 22 Apr 2002 or any other previous orders/instructions on the subject.

The exercise of these financial powers are to be governed by existing orders and instructions on the subject, as amended by the Government from time to time. Standard Operating Procedures (SOPs) relating to the exercise of the financial powers as issued and amended from time to time will be strictly followed. However, where SOPs conflict with the Govt. Rules/Instruction, the later will prevail. Cases not covered by the delegated financial powers will be referred for sanction of the Ministry of Defence.
Appendix and Notes in the Schedules I to XXIII to this order covers the detailed guidelines for exercise of delegated financial powers in the Army.

# To be read in conjunction with Appendix G to Chapter II, regarding composition of CNC.


Detailed guidelines for exercise of delegated financial powers to various Naval Authorities are given in Enclosures 1 to 3 of this letter. Re-numbering of the Annexure has been given in the Corrigendum to MoD letter No. PL/3221/NHQ/486-S/2006/D(N-IV) dt. 25.07.2006. Certain key areas that require close monitoring have been identified and placed at enclosure 3 of the letter. Standard Operating Procedures (SOPs) relating to the exercise of the financial powers as issued and amended from time to time will be strictly followed. However, where SOPs conflict with the Govt. Rules/Instructions, the later will prevail. Cases not covered by the delegated financial powers will be referred for sanction of the Ministry of Defence.

(c) Letter No. Air HQ/95378/1/Fin P/2431/US(RC)/Air-II/06 dt. 14.07.2006 of MoD on the subject “Delegation of Financial Powers to various Indian Air Force Authorities” is addressed to the Chief of the Air Staff. Amendments to this letter were issued on 20.7.2006 and 18.10.2006. 21 Annexure to these letters indicate in detail the guidelines for exercise of delegated Financial Powers, separately for Capital and Revenue procurement cases. In respect of Capital procurement, Air HQ has to render a Quarterly Report to MoD (Acquisition Wing) on the progress of various schemes under delegated powers, indicating the actual cash outgo against the budgetary projections.

(d) Letter No. FP/20135/HQ IDS/2350/2006/D(G-I) dt. 08.09.2006 of MoD on the subject “Delegation of Financial Powers to the Joint Staff Authorities” is addressed to CISC.

The delegated financial powers to the CFAs are to be read in conjunction with the financial instructions and orders issued by the three Services in the form of Army instructions/orders, Naval instructions/orders and Air Force instructions/orders and SOPs for any clarification or reference, until issuance of Joint Staff Orders/SOPs. Powers conferred for Projects specifically sanctioned by the Government will also continue to be operative for the duration of such projects and these would be applicable for the Joint Staff Organisations/Inter-Service organisations under HQ IDS.

Detailed guidelines for exercise of delegated financial powers are given in the enclosures 1 & 2 of this letter. The procurement policy to be followed by the Joint Staff Organisation and certain key areas that require close monitoring are given at enclosure 3 of this letter.

(e) MoD (Fin) ID No. Misc/Addl. FA(M)/06 dated 26.07.2006 on the subject “Delegation of Capital Acquisition Powers to the Services” is addressed to VCOAS,
VCNS, CISC, DCAS and officers of Acquisition Wing. This letter gives the details of delegation of powers at the level of SHQs/IDS for Capital Schemes/projects costing upto ₹ 10 Crores. Detailed procedures have also been laid down in the form of a Flow Chart showing the various stages of Acquisition process.

(f) MoD (Fin) ID No. Misc/Addl. FA(M)/06 dated 16.01.2007 is in partial modification of the letter referred to at (e) above regarding Quantity Vetting and composition of CNC.
Appendix to Chapter II
(Refers to Para___ of Chapter II)

FET RELATED ASPECTS

1. **Introduction.** This Annexure lays down the steps that should be considered during all procurement stages to facilitate smooth conduct and timely completion of FET. The Annexure has four sections as follows:
   (a) Section I – Types of trial evaluation associated with DPP.
   (b) Section II – Capital procurement stage wise checklist on FET issues.
   (c) Section III – QAP and ATP issues to be considered.
   (d) Section IV – Facilities being provided to facilitate certification/trials.

2. **Trial Evaluation and Types of Trials.** Trial evaluation constitute a very important activity in the entire procurement process. Trials are of various types, have different connotations depending on category of acquisition and have varied scope as well as stakeholders defined by the type of trial. The authority/agency planning and ordering the trial will promulgate comprehensive instructions to include, *inter alia*, defined scope, methodology of conduct, outcomes expected, acceptance criteria and follow-on actions. This Annexure while laying down the types of trials, *primarily deals in planning and conduct of Field Evaluation Trials*. Important types of trials and their broad scope is enumerated in the succeeding paragraphs.

3. **Developmental Trials.** This term is applicable to indigenously developed products and not to imported equipment. These trials do not form part of the User Trials but are carried out by the developing agency to progressively test the prototype in order to assess its technical suitability. These trials may be on Science and Technology, Technology Demonstrator or Mission Mode projects.

4. **User Assisted Technical Trials (UATT).** Developmental Trials carried out on the prototype in Design and Development cases by the Development Agency with the assistance of the User. These are normally carried out by the Development Agency (DRDO/DPSU/OFB) to validate the PSQRs before offering the equipment for User Trials.

5. **Field Evaluation Trial (FET).** These involve functional testing of the equipment by the user in various specified conditions as per requirement specified in the RFP and the trial directive. These may be conducted in more than one phase or in different terrains.

6. **Technical Trials.**
   (a) **QA Trials.** QA Trials are conducted by the QA Agencies (DGQA/DGAQA/DGNAL) to assess the performance of the equipment against parameters specified in the RFP and to confirm its suitability for introduction into service.
   (b) **Environmental Testing (ETs).** These are done to check the equipment suitability to work under various environmental conditions as specified in SQRs. These involve review
of reports of environmental tests done on the equipment earlier by internationally accepted/ NABL accredited/ public sector labs or physical conduct of tests, if needed for verification.

7. **Maintainability Trials.** These are undertaken to evaluate the maintainability aspects of the equipment in respect of fitment, size, LRUs, components accessibility, technical documentation, BITE etc.

8. **EMI/EMC Trials.** These are done to check equipment suitability to work under dense Electromagnetic environment as specified in SQRs. This will consist of either review of reports of EMI/ EMC tests already conducted from authorised labs or physical conduct of tests to ascertain compatibility.

9. **Confirmatory Trials** Confirmatory trials may be held when, on completion of all trials, it is found that no equipment has fully met all the RFP parameters, but there is reason to believe, that vendors would be able to quickly overcome the drawbacks noticed.

10. **FoPM/First Induction Trials/ Validation Trials.** Induction/ Validation trials are usually done when the design and development trials were conducted on prototype set and the equipment is productionised for first time. These are done on the first of production model to validate specified parameters and to rule out any inconsistency in the production process. Validation trials may also be carried out on major change upgrade of specified parameters or change of production line from OEM premises to Indian vendor premises.

11. **Environmental Stress Screening (ESS).** These are done on all sets of electronic equipment to weed out infant mortality during production.

12. **Factory Acceptance Trials (FATs).** These are functional tests undertaken at vendor’s premises by SHQ nominated team to check the equipment functional performance as per an approved test procedure prior dispatch.

13. **Installation Inspection (II).** These are checks done by SHQ nominated team to check correct installation of equipment on-board ships.

14. **Harbour Acceptance Trials (HATs).** These are functional tests undertaken after installation on-board ship in harbour by a SHQ nominated trial team to check the equipment functional performance as per an approved test procedure.

15. **Sea Acceptance Trials (SATs).** These are functional tests undertaken after installation on-board ship at sea by a SHQ nominated team to check equipment’s functional performance as per an approved test procedure. It may also involve proof firing in case of weapons.

16. **Op Checks.** These are functional tests undertaken after installation on-board ship at sea by a SHQ nominated team to check the equipment’s functional performance as per an approved test procedure. These are normally done only on communication equipment, instead of SATs.

17. **Acceptance Test Procedure (ATP).** A functional test procedure undertaken to check functional performance of the system for acceptance at a defined stage.

18. **Delivery Acceptance Trials.** Delivery Acceptance Trials are carried out when FET is not applicable for cases such as ships, submarines, simulators etc, where there is no prototype available for conduct of NCNC trials.
19. **Pre-Despatch Inspection (PDI)** Pre-Despatch Inspection is a part of supply chain management and an important Quality Assurance method for checking the quality and quantity of newly manufactured goods at Sellers’ Premises, before they are shipped to the Buyer. These involve undertaking checks in accordance with Acceptance Test Procedures as finalised during contract negotiations. PDI helps in ensuring that production complies with the governing specifications and procedures as specified in the Contract or the Purchase Order.

20. **Joint Receipt Inspection (JRI)** Joint Receipt Inspection is carried out jointly by the buyer and seller on arrival of manufactured goods in India within specified number of days and at location nominated by the Buyer to check compliance with specifications. JRI consists of quantitative checking of delivered items, complete functional checks, check proof, firing, etc., as per governing specifications and procedures enumerated in the Contract or Purchase Order. The JRI is initiated by the Buyer.

**SECTION II – STAGE WISE CHECKLIST FOR FET**

21. **Introduction**. Trials to be undertaken as part of FET will be determined by HQs/ concerned Lead Service on a case-to-case basis and may include the following:

   (a) **User Trials**. These will involve functional testing by user of the equipment in various specified conditions as per requirement and may be done in more than one phase.

   (b) **Technical Trials**. These trials are conducted by QA agencies to assess the performance of the equipment against parameters specified in the RFP.

      (i) QA agencies may assess conformance to specifications of equipment/critical assemblies related to performance output parameters that are measured using Test Equipment (General Purpose/Special). Wherever test equipment is not available within country, vendor shall submit the tests results and also test methodology for such critical assemblies.

      (ii) Other tests including environmental tests in lab conditions stipulated in SQRs, will also be conducted by QA agencies to assess conformance. These are undertaken to check the suitability of equipment under various environmental conditions as specified in SQRs. It involves review of reports of environmental tests done on the equipment earlier by internationally accepted/NABL accredited/public sector labs or physical conduct of tests, if needed for verification.

   (c) **EMI/EMC Trials**. This will consist of either review of reports of EMI/EMC tests already conducted as part of qualification testing from authorised labs or physical conduct of tests to ascertain compatibility.

   (d) **Maintenance Evaluation Trials (MET)**. This is undertaken to evaluate the ease and sufficiency of maintainability aspects of the equipment in respect of fitment, size, LRUs, components accessibility etc.

22. **Stakeholder Interactions**. Considering that FET involves maximum number of stakeholders when compared with other stages, regular and extensive interaction between stakeholders is the key to streamline the FET process. Stage-wise checklist is enumerated in the succeeding paragraphs.
Request for Information (RFI) Stage

23. **Operational Parameters** of the equipment such as Op Role, terrain / medium of employment, environmental severity, armament characteristics, EM environment and maintenance aspects are to be clearly defined at RFI stage in order to evolve an objective trial methodology. RFI mechanism is to be effectively utilised to evolve well-defined and verifiable SQR parameters and Standards for the given Op Role.

24. Draft RFI is to be forwarded to DRDO, trial agencies (including QA, EMI/EMC, MET, etc) and HQ IDS, for comments / inputs on equipment standards, environmental tests and technical parameters to be evaluated in User, DGQA, EMI/EMC and MET trials based on **Operational Requirements**. SHQ is to incorporate comments of the trial agencies, where applicable.

25. After issue of RFI, **vendor interaction** is to be planned along with trial agencies to obtain the following :-

   (a) Inputs on **test standards** adopted for equipment of similar type.

   (b) Ascertain parameters for which **Certification** could be applicable in lieu of trial evaluation.

   (c) Trials for which **simulation / modelling** is available.

   (d) **Specialised requirements** for trial evaluation that need to be factored while drafting SQRs.

26. Where required, supplementary RFIs may be issued to seek greater details on trial evaluation, supportability, maintenance, training, EMI / EMC and QA issues.

**SQR Stage**

27. SQRs must clearly indicate the **equipment parameters** that will be trial evaluated along with their severity and tolerance levels. Generic terms such as ‘all weather capability’, ‘state of the art’, etc should not be used.

28. Quality standards such as JSS 55555 and other relevant standards are **guidelines for environmental parameters**. SHQs are to ensure correct application of such standards at SQR stage based upon operational requirements in consultation with QA agency.

29. To achieve an objective trial methodology, SHQs are to interact with all trial agencies prior to formalisation of SQRs to ensure the following: -

   (a) Identification and application of **correct standards**.

   (b) Environmental and material tests **essential for operational deployment and role**.

   (c) Applicability of **EMI / EMC trials** especially for non-ICT or other equipment not operating in dense EM environment. EMI/EMC trials shall be included only if operational requirements in SQR so determine and should be specifically mentioned in such cases.

   (d) SQR parameters that affect sustenance and MET related aspects and will need to be factored in trial methodology.
RFP and Trial Methodology Stage

30. The combination of SQR and Trial Methodology in the RFP should provide OEM / Vendor a clear and objective assessment of the scope and details of FET, including areas where certification and trials by simulation are allowed. SHQ may interact with vendors/industry and reps of trial agencies at the draft RFP stage. Maximum technical details available at this stage with regard to conduct of FET, Technical trials (including environmental tests), MET and EMI / EMC tests should be included in the draft trial methodology being issued with RFP.

31. Certification Aspects. Due care may be exercised while defining Standards that would apply to equipment, systems or platforms. In case international standards are envisaged, then their Indian equivalent, where applicable, should also be identified. As far as possible, availability of test and certification facilities within India to evaluate the parameters governed by shortlisted Standards should be considered. In case this is not feasible, then all efforts should be made to identify international certification/accreditation agencies that would qualify the Certification requirements. RFI mechanism should be utilised to obtain necessary details prior finalisation of SQRs.

(a) DRDO, QA agencies, EMI/EMC and Maintenance organisations are to forward following to the concerned steering Directorate in the SHQ to formulate an objective trial methodology:

   (i) Recommendation on qualification Standards to be adopted.
   (ii) Details of technical trials including environmental conditions for the lab tests and also check proof of weapons and ammunition.
   (iii) Parameters where trials can be replaced by certification along with list of accredited labs/ facilities within or outside their organisations where these trials can be conducted.

(b) Where Certificate of Conformance (CoC) is acceptable in place of trials, trial agencies shall forward the following details to the steering directorate to be included in the RFP:

   (i) Names of agency/institution/authority(ies) whose certification will be allowed.
   (ii) Details and format of test certificates and supporting documents required to be submitted by the OEM/ vendor to prove the validity of CoC.

Note. The Certificate of Conformance should indicate the tests undertaken along with the severity levels specified in the contract and values achieved. The test reports duly authenticated by internationally accredited labs are required to be submitted in respect of all the tests mentioned in CoC.

(c) Suitable penalty clauses for non-conformance to CoC and the provision that User/ Trial agencies would reserve the right to undertake random / sample test to validate the CoC submitted by the vendor/ OEM may be included in the RFP.

32. Trial Methodology. A comprehensive trial methodology should form part of RFP and contain the following details:-

(a) Draft Trial Matrix. This is to be included for all trials planned as part of FET.
Following details could form part of the Draft Trial Matrix: -
(i) Physical Characteristics, Operational and Technical parameters etc along with values and tolerances, where applicable.

(ii) Technical, environmental, MET and EMI / EMC tests, as applicable, along with their severity levels, which will be evaluated during the trials.

(iii) To the extent feasible, methodology for evaluation of each parameter should also be clearly detailed in the RFP, so that the vendors fully understand its implications.

(b) In case of CoC, certificates, test reports, graphs, etc to be submitted as per format along with technical bids.

(c) Number of equipment required and their distribution for different trials.

(d) Requirement of Crew and Maintenance personnel.

33. Technical Trials. Technical and environmental tests that are essential to evaluate operational role are to only form part of Pre-Contract DGQA/DQA(N) DGNAI/ DGFAQ trials. These trials along with their severity are to be listed in the trial methodology. Issues to be considered are as follows:

(a) QA agencies use various provisions of Joint Services Specifications (JSS), Joint Services Preferred Range (JSPR), Joint Services Rationalised List (JSG) and Approved Notification (AN) for adoption of Indian Standards for testing and evaluation as on case to case basis.

(b) For aircraft related tests DGQA, CEMILAC & ASTE carry out evaluation based upon DDPMAS – 2002 (as amended from time to time) which lists out the Qualification Test Procedure (QTP) and Production Acceptance Test (PAT).

(c) Feasibility of advance tests for Electrical, Chemical, Biological, Radiological, Mechanical, Forensic and other Lab tests to ascertain GSQR Technical Specifications. Test certificates in such cases will form the part of TEC.

(d) Methodology and severity of Tests that can only be done in labs like full load conditions of voice/data switch, Pressure, Vibration, operational temperature; for example, -20 and + 55 or angle of view of an antenna etc, should be clearly mentioned in the trial methodology.

(e) Environment Tests and evaluation standards such as Temperature, Humidity, Corrosion, Solar Radiation and Thermal Cycling tests need to be listed in the Trial Methodology. Compendium of Environmental Test facilities is hosted on MoD website, DGQA website dggqadefence.gov.in and Indian Navy website indiannavy.nic.in/content/test-facilities-available-use-private-sector. Where applicable, CoC are to be accepted for these tests and details of labs where these tests can be undertaken are to be included in the Trial Methodology.

(f) Vendor shall submit the following technical documents preferably along with technical bids. If vendor doesn’t submit these documents as part of the technical bid, same should submitted at least one month before date delivery of equipment for FET at trial location. The documents required are:-
(i) Technical documents listed in RFP.

(ii) CoC along with test results and test methodology standards, where applicable.

(iii) Proof schedule adopted for similar equipment manufactured by Vendor, if any.

(iv) Draft ATP.

34. **EMI/EMC Tests.** Following aspects are to be mentioned with regard to EMI/EMC tests in the Trial Methodology, as applicable:-

   (a) **Policies.** RFP should clearly state EMI/EMC policy being applied for trial evaluation. For instance in the case of Army, a combination of Joint Services Guide (Directorate of Standardization), Joint Services Policy / Army EMC Policy (DGMO) and Standard Operating Procedure of Trials (DGWE) may be applied.

   (b) **Military Standards.** Military Standards such as Mil Std 464 (Versions A,B or C), Mil Std 461E/F/G for Mil Equipment, Mil Std 331C for Fuzes and Mil Std 188-125 for Bare Shelter or other military standards being applied on case to case basis are to be included in the Trial Methodology.

   (c) **Common Evaluation Parameters.** Details to be provided for Certification for common evaluation parameters such as Conduction & Radiation Emissions and Susceptibility, Hazard Measurement of Electromagnetic Radiation on Fuel, Ordnance and Personnel are to be included. These tests if being conducted as part of EET should be clearly mentioned in the Trial Methodology.

35. **Maintenance Evaluation Trials.** MET by actual stripping of the equipment to establish adequacy of maintenance tools, test equipment and spares utilisation is to be undertaken only if considered necessary by the user. In all other cases evaluation of MET aspects may be carried out through requisite documents and certification. For MET, the RFP and Trial Methodology are to seek the following from OEM/vendor, as applicable:-

   (a) Repair and Maintenance Philosophy.

   (b) Technical literature (User Handbook/Operators Manual in English & Hindi and Design Specifications) and Technical Manuals.

   (c) Manufacture Recommended List of Spares (MRLS) and Illustrated Spare Parts List (ISPL).

   (d) List and one set of Special Maintenance Tools (SMTs) and Special Tools & Equipment (STE).

   (e) Test equipment along with calibration details and associated technical manuals.

   (f) Complete Equipment Schedule (ECS), Table of Tools & Equipment (TOTE) & Vehicle Kit List.

   (g) Engineering Support Package and Life Cycle Support.

   (h) MTTR/MTBF parameters to be evaluated.
(j) Details of COTS & imported equipment.
(k) Rotable list, norms of consumption, mandatory/non mandatory spares list for each system.
(l) Interactive Electronic Training Manuals (IETMs).
(m) Servicing Schedule.
(n) Condemnation limits.
(p) Permissive repair schedule.
(q) Packing specifications/instructions.
(r) Any additional information suggested by the OEM.

Pre-Bid & TEC Stage

36. Mechanism of Pre-Bid Meeting is to be effectively utilised to clarify aspects of RFP and SQRs that affect evaluation of operational and technical parameters as well as conduct of FET. Issues to be highlighted/re-iterated during pre-bid meetings could include:-

(a) Clarification on standards/severity of tests to evaluate SQR parameters.
(b) Certification and simulation requirements including test reports and other supporting documents to be attached.
(c) Availability of labs for conduct of tests.
(d) Range allocation and related modalities.
(e) Clarifications/requirements of trial methodology.
(f) Additional SQR parameters that could be evaluated based on certification; but have not been included in the RFP.
(g) Submission of all essential documents to various trial agencies must be done along with technical bid. If not, the documents must be submitted at least one month before the likely date delivery of equipment for FET in trial location.

37. **TEC.** Trials related issues that need special consideration at the TEC stage are enumerated below:-

(a) Members of TEC should include QA, EMI/EMC and MET representatives as applicable.
(b) Acceptance/rejection of CoC based on evaluation of accredited lab certificates, test reports, graphs and EMI/EMC tests done as part of TEC should be specifically mentioned in the TEC Report.
(c) TEC Report may recommend evaluation of additional parameters through certification, or conversely, through trials in addition to CoC, as applicable.
(d) The Maintenance Evaluation Trial (MET) mapping, where essential, should commence at TEC stage.

Field Evaluation Trial Stage
38. **Trial Directive**. Necessary deliberations with vendors on various aspects prior of finalization of Trial Directive should be carried out. Once the Trial Directive promulgates firm timelines for trial evaluation, the Vendor should ensure availability of technical experts and maintenance teams, to ensure uninterrupted conduct of trial. Trial Directive should amplify the *Draft Trial Matrix* and should contain the following:-

(a) SQR details and evaluation parameters.
(b) Responsibility of conduct of trial and composition of trial team, including members, associate members and observers.
(c) Schedule (Summer & Winter Trials), location and time of trials. Availability of technical experts and maintenance crew is to be ensured by the vendors during this time period.
(d) Methodology of conduct of Trials.
(e) Number of trial equipment and time for submission.
(f) Trial Location and responsibility for Range allocation.
(g) Coordination instructions for movement of trial equipment.
(h) Ammunition details.
(j) Responsibility for Trial Stores.
(k) Training of Crew for conduct of trial.
(l) Security and Administrative Instructions.
(m) Coordination Conference and Nodal Officer.
(n) Feedback system.
(p) Trial Directive should also list tests that would be acceptable by certification through accredited labs.
(q) Trial Directive should mention that the OEM should be ready to deposit the equipment on intimation of successful clearance of TEC, on a date arrived at in conjunction with Steering Directorate, trial agencies and compliant vendors.

39. **FET**. FET will be conducted by the User Service on the basis of Trial Directive. Parameters which can be evaluated at TEC stage, based on documents or certificates rendered by accredited agencies, may not be included in the field trials. Following aspects should be given due consideration during conduct of FET:-

(a) **Trial Teams**. After the acceptance of TEC Report, SHQs will constitute the Trial Team. Representatives of QA agency, EMI-EMC Cell and Maintainability trials agency (where applicable) may also be co-opted, based on requirement. A representative of the Acquisition Wing may also participate in the FET as an observer. Representative from the Service nominated as the lead Service will head such trial team. For trials of equipment involving ToT, representative of PA may be included as an associate member. SHQs will depute a suitable representative to oversee the field trials and provide timely guidance to the trial team.

(b) **Conduct of FET**. Methodology of conduct will be as under:-
(i) OIC Trial who would be responsible for conduct of the trial according to schedule. Representatives from MoD (Acquisition), QA agencies, DRDO and concerned Service could attend the trials.

(ii) FET will be conducted based upon SQR parameters and as per the Trial Directive, which is derived from the Draft Trial Matrix included in the RFP.

(iii) Trials would be conducted in varying terrain / medium and weather, as determined by operational employment of the equipment / platform and quantified in SQRs.

(iv) Vendors should cater for in-situ repairs during trials and ensure availability of maintenance teams/ experts.

(v) Daily feedback will be rendered to respective SHQ.

(vi) A compliance matrix will be prepared on termination of the FET and forwarded to the SHQ for Staff Evaluation.

(c) For equipment available commercially off-the-shelf (COTS), which have requisite IS/BIS or equivalent certification, and meet user requirement, the Service Headquarters may accept the equipment on the basis of self-certification by the vendor.

(d) **Trials of Design and Development, Make I and Make II Equipment** Trials of equipment under these categories will be governed by provisions of Chapter 3 of DPP.

**SECTION III - PRODUCTION STAGE QUALITY ASSURANCE & ACCEPTANCE**

40. The selection of right equipment largely depends on the strength of criterion adapted for validation trials and post induction its intended reliable performance will depend on soundness of production stage QA & Acceptance trials. The principle to be adopted during finalizing the validation trials and production stage QA & acceptance trials is that they should be **sufficient and just**. Any over specification will add to delays and cost whereas any under specification will result in sub-standard equipment availability.

41. **Timeline for Submission of Documents.** Vendor should be intimated the timelines for submission of Draft ATPs, Technical / Operating manuals, Range Table, Technical Description and other specifications in the RFP and reiterated during pre-bid meeting. Number of copies of the document for technical trials shall also be stipulated in the RFP.

42. **Production Stage QA & Acceptance.** The requirements of QA in production process & Acceptance tests are to be indicated in the RFP based on the type/origin of equipment, SQRs and categorisation. The complexity of manufacturing and end use of equipment are also to be kept in mind while specifying the QA requirements and Acceptance test procedures respectively. The QAP should broadly cover project/equipment description, QMS adopted by the manufacturer for systems in the project/equipment, parameters critical to quality and their manufacturing and quality control processes, mandatory documents including reference documents, sampling plan wherever applicable, check-proof activity wherever applicable, procedure to be followed in noticing defects during QA process including defect analysis and remedial action, risk management, support, performance evaluation, resource management, monitoring and measuring, operation planning and control. The ATP should broadly include the specifications, acceptance standards, inspection records to be submitted before commencement of QA, Technical specification, Quality / Inspection test records, visual checks, system checks, functional checks, ground checks, flight checks, etc.
43. The flowchart placed at Enclosure aims in aiding the analysis of an acquisition scheme for the above aspects. Various likely scenarios of relevant clauses in RFP and Standard Contract Document are as follows:

a. **Scenario 1 - Goods already in Service.** They have been procured after validation trials and have been type certified. The type certification is valid. The manufacturing stage QAP and acceptance procedure is existing & approved. This will normally be in case of repeat orders. In such cases no Validation Trials/Type Testing is needed and one has to simply specify the correct references of the approved documents.

b. **Scenario 2 - Goods already in Service but are being procured with minor modifications.** In such cases the requirement of repeating limited type tests and modification in QA & acceptance has to be ascertained and included in RFP.

c. **Scenario 3 - Goods being inducted for first time in service.** In this case first it has to be ascertained whether they are Military grade/Ruggedised/COTS from the SQRs. In case of COTS, the scope of manufacturer’s certification/CoC has to be finalised and included in RFP. The scope of acceptance tests in QAP to be included in the contract will be to establish conformance to the governing specifications adopted by the manufacturer for COTS item.

d. **Scenario 4 - Goods being inducted for first time in service and are required to be Ruggedised as per SQRs.** The scope of Validation trials/Production stage QA & Acceptance will depend on the Categorisation of the equipment as per AoN. In cases categorized as Buy (Global), the equipment may be outrightly purchased or may contain India specific modifications. In outright purchase, the scope of Induction trials will be maximum (severity of environmental tests severity will be decided in accordance with the SQRs by QA agency in consultation with SHQ) and should cover all aspects and accordingly specified in RFP. However, the scope of production stage QA & Acceptance will depend on whether vendor is in India or abroad, manufacturing process, duration of delivery, order quantity and number of sub-vendors involved. The clarity on same can emerge only after vendor selection.

e. **Scenario 5 - Goods falling in Scenario 5 but are Categorised Buy(I-IDDMM) or Buy(Indian).** Here, the scope of Validation trials will be maximum (severity of environmental tests severity will be decided in accordance with the SQRs by QA agency in consultation with SHQ) and should cover all aspects and accordingly specified in RFP. However, the scope of production stage QA & Acceptance will depend on complexity of equipment, maturity of manufacturing process for indigenous content, order quantity etc. The clarity on same can emerge only after vendor selection and level of indigenisation achieved. There may be a need to evolve and rationalise QA process with increasing indigenous content. Hence, the RFP has to be worded accordingly to indicate requirement of evolving the same with mutual consent at the time of Technical trials and prior to contract finalization.

f. **Scenario 6 - Goods falling in Scenario 5 but are Categorised Buy & Make(Indian) or Buy& Make or Make.** Here, the scope of Validation trials will be maximum (severity of environmental tests severity will be decided in accordance with the SQRs by QA agency in consultation with SHQ) and should cover all aspects and accordingly specified in RFP. However, the scope of production stage QA & Acceptance will get derived from the developer (in make case)/foreign partner’s processes, technology transfer, and Indian vendor/PA’s processes. The clarity on same can emerge only after vendor selection and level of technology absorption achieved in various stages. In make case the vendor will have
to evolve QA (FF/SKD/CKD) along with developmental process and indigenization by the
nominated production agency. Hence, the RFP has to be worded accordingly to indicate
requirement of transferring QA as part of ToT / evolving the same with mutual consent prior
contract finalization.

g. **Scenario 7 - Goods being inducted for first time in service and are required to be of Military grade as per SORs.** The scope of Validation trials/ Production stage QA & Acceptance will depend on the Categorisation of the equipment as per AoN. In respective cases the Scenarios as applicable in Ruggedised equipment as above at Para (e), (f) & (g) will be applicable except that in military grade equipment the full range of environmental tests will be undertaken.

**SECTION IV - INSTITUTIONAL MECHANISMS TO STREAMLINE FET**

44. The process of Field Evaluation Trials needs to be supported by a robust infrastructure, facilities and institutional mechanisms that allow effective utilisation of resources and expertise for their efficient conduct. The details of institutional mechanisms and facilities already put in place or under implementation and those which should be considered by the SHQs are enumerated in the succeeding paragraphs.

45. **Enabling Framework.** Under the overarching umbrella of ‘Make in India’ various policy initiatives and enabling tools have been introduced which are aimed at simplifying procedures, reduce time consumed for trials and assist the industry to gain clearances and test reports from accredited labs in an earlier time frame. Key issues are enumerated in the succeeding paragraphs.

46. **Allocation of Ranges.** Standard Operating Procedure (SoP) for allotment and utilisation of proof and field firing ranges have been finalised and uploaded on [https://www.makeinindiadefence.gov.in/admin/writereaddata/upload/updated_SOP_for_allotment_of_Ranges_5_9_19_R2.pdf](https://www.makeinindiadefence.gov.in/admin/writereaddata/upload/updated_SOP_for_allotment_of_Ranges_5_9_19_R2.pdf). Requisite nodal Officers have also been nominated.

47. **Use of Test Facilities with Govt Institutions:** Test Facilities of Army, Navy, Air Force, DRDO, DGQA, DGQA, HAL, OFB, GRSE, GSL, MDL, HSL, MIMHANI, BDL, BEL & BEML for Utilisation by Private Industry along with details of respective Nodal Officers and application procedure are hosted on the makeindiadefence.gov.inwebsite - [https://www.makeindiadefence.gov.in/pages/test-facilities-for-private-sector](https://www.makeindiadefence.gov.in/pages/test-facilities-for-private-sector)

48. **DGQA Test Facilities.** All test facilities available with DGQA and respective cost of utilisation of facilities are updated on DGQA website [https://dgqadefence.gov.in/test-facilities](https://dgqadefence.gov.in/test-facilities)

49. **Indian Navy Test Facilities.** All test facilities available with Indian navy and respective cost of utilisation of facilities are updated on [https://indiannavy.nic.in/content/test-facilities-available-use-private-sector](https://indiannavy.nic.in/content/test-facilities-available-use-private-sector)

50. **Directory of NABL Accredited Labs.** NABL 400: Directory of NABL Accredited Laboratories as updated from time to time may be referred to by the industry to seek requisite test facilities as per requirements - [https://www.nabl-india.org](https://www.nabl-india.org)

51. **DTIS (Defence Testing Infrastructure Scheme)** has been launched by the MoD. The scheme envisages establishing of test facilities encompassing drone testing, EMF/ EMC, Rubber testing, Radiation testing, Electronic Warfare, Software testing as well as some other facilities
52. **Scientific Research Infrastructure for Maintenance and Networks (SRIMAN).** The scheme envisages institutions declaring instruments / facilities available for use. Instruments in government labs would be rented out for the duration they lie idle, generating a rental income. This would reduce the amount of time expensive instruments remain idle and would be available to the industry for use.

53. **Centres of Excellence.** SHQs should explore establishing Centres for Excellence for overseeing trials. A standalone and robust Trial Team will accrue following advantages:-

(a) Provide Subject Matter Experts and an institutionalised mechanism for oversight and management of FET through all its stages till completion.

(b) Promulgate a cohesive and comprehensive trial directive as also timeline, in consultation with all stakeholders.

(c) Identify bottlenecks / anticipate delays and apply timely correctives / guidance to Trial Teams.

(d) Provide inputs for evolution of policy issues related to trials.

(e) Conduct suitable training for key personnel engaged in trials.

(f) Serve as a single point contact for trials related activities with other stakeholders in the MoD as well as other organisations.

(g) Coordinate usage of trial infrastructure (Labs/Ranges) in consultation with other agencies.

(h) Build an institutional memory, database and Domain expertise.

(i) Standardisation of trial methodology.
GUIDELINES FOR FINALISING THE SCOPE OF VALIDATION TRIALS/ FETs AND PRODUCTION STAGE QA & ACCEPTANCE

1. No Production stage QA**
2. PDI/JRI/Acceptance Test

1. Surveillance oriented Production QA **
2. PDI/JRI/Acceptance Tests

1. Production stage QA**
2. PDI/JRI/Acceptance Tests

* Scope of Validation trials/ FETs (to be formulated as applicable and included in the RFP) –
  i. User Evaluation Trial
  ii. Environmental Evaluation
  iii. Maintainability Evaluation
  iv. EMI/EMC Evaluation
  v. Secrecy Grading

** Scope of Production Stage QA & Acceptance Tests (to be customised as required and promulgated in QAP) –
  i. Internal QC review
  ii. Surveillance/ Sampling of Raw material
  iv. In-Process checks/ Surveillance/ Record review
  v. Assembly level checks and FATs,
  vi. HATs, SATs, CPs Checks

Note: ** The scope of ‘Truncated Trials’ is to be carefully evolved to include only those checks that are essential.
*** To the extent feasible, ‘Validation trials’ and ‘design Validation Trials’ are to be completed during ‘Design and Development’ phase and Production Order should have only Production stage QA.
ESP, MRLS & TRAINING

Is eqpt already inducted in service?

Yes

Is CAMC applicable?

Yes

Are Field level/OB Spares reqd?

Yes

User Defined Field level/OB spares

Scenario 1

Include CAMC Terms & Conditions in RFP

Seek training for ops and maintenance
- Seek Spares, STE/Jigs as defined by the User

Scenario 2

Seek Spares, STE/Jigs as defined by the User

Scenario 3

Seek MRLS for Field level/Ob Spares and B&D
- Seek Base Dockyard Repair facility
- Seek training for onboard and depot maintenance
- Seek Ops trg

Scenario 4

- Seek MRLS (only Field/Ob Spares)
- Seek training for ops & Field/onboard maint
- Include CAMC T&C in RFP

Scenario 5

- Seek training for ops & Field/onboard maint
- Include CAMC T&C in RFP

Scenario 6

- Seek MRLS for Field level/Ob Spares

Scenario 7

Is CAMC applicable?

Yes

Are field level/ OB Spares reqd?

Yes

No

Prepare User Defined list of spares and SMT/STE & Jigs

No

Is Maintenance training required?

No

Yes

Scenario 8

Seek training for ops and maintenance
- Seek Spares, STE/Jigs as defined by the User

Scenario 9

Seek Spares, STE/Jigs as defined by the User

Scenario 10

Seek MRLS for Field level/Ob Spares
- Seek Base Dockyard Repair facility
- Seek training for onboard and depot maintenance
- Seek Ops trg

Scenario 11
PRESERVATION, PACKAGING, DELIVERY, ACCEPTANCE,
PAYMENT TERMS AND WARRANTY
(Contd…..)

Are they for stocking in depot?

No

Is STW/ Acceptance Trials required?

No

Yes

Specify preservation & packaging as per envisaged storage duration

Yes

Is significant gap between delivery & STW?

No

Hold in depot in original preservation

Yes

De-preservation & re-preservation by vendor (as required)

Workout optimal preservation & packaging scheme required for envisaged storage period in depot

De-preservation & STW by vendor

Acceptance Trials

Warranty commences post Acceptance trials

Warranty commences on expiry of max/optimal preserved life

Hold in depot in original preservation

De-preservation & STW by vendor

Acceptance Trials

Warranty commences post Acceptance trials

Scenario 1

Scenario 1A

Scenario 2

Scenario 3

Delivery to intended user

Warranty commences on receipt/completion of JRI
GUIDELINES FOR FINALISING THE SCOPE OF VALIDATION TRIALS/ FETs AND PRODUCTION STAGE QA & ACCEPTANCE

START
Procurement Under IGA/ FMS?
Yes
Mutually agreed Terms

No

Is equipment already in service?
Yes
COTs (Including Imports)

No

Are there any changes in SQRs?
Yes

India specific changes in Imports?
No

No Validation Trials/ FETs*

Yes

Truncated Validation Trials+/ FETs* for validating Changes

Is it COTs or D&D (Para 72) or others?

D&D (Para 72)

Others (Including Imports)

FETs cleared** or not?

No

Full Validation Trials/ FETs*

Yes

Is it full Imports under Buy(Global)?

Is it in regular production?

No

Yes

1. No Production stage QA**
2. JRI/Acceptance Test

1. Surveillance oriented Production QA **
2. JRI/Acceptance Tests

1. Production stage QA**
2. JRI/Acceptance Tests

---

* Scope of Validation trials/ FETs (to be formulated as applicable and included in the RFP) –
  i. User Evaluation Trial
  ii. Environmental Evaluation
  iii. Maintainability Evaluation
  iv. EMI/EMC Evaluation
  v. Secrecy Grading

** Scope of Production Stage QA & Acceptance Tests (to be customised as required and promulgated in QAP) –
  i. Internal QC review
  ii. Surveillance/ Sampling of Raw material
  iv. In-Process checks/ Surveillance/ Record review
  v. Assembly level checks and FATs,
  vi. HATs, SATs, OPs Checks

Note: - ** The scope of 'Truncated Trials' is to be carefully evolved to include only those checks that are essential.
  *** To the extent feasible, 'Validation trials' and 'design Validation Trials' are to be completed during 'Design and Development' phase and Production Order should have only Production stage QA.
Appendix D
(Refers to Para 16 of Ch II)

FLOWCHART ASSISTED GUIDELINES FOR PREPARATION OF SOC AND RFP

1. The aim of this Appendix is to act as a guide in preparation of SoC and/or RFP as relevant at the time of seeking AoN. This Appendix has three Annexures with flowcharts and associated instructions about various variables that require detailed study and analysis before inclusion in SoC and/or RFP. The objective of these Annexures is to enable the acquisition planner/steering Directorates at SHQ of SoC and RFP to facilitate arriving at optimal scope and to visualise various scenarios and possibilities that are likely to be encountered in procurement process. The flowcharts and associate instructions are meant only to be guidelines and as a helping tool and are not binding. Even though effort has been made to capture all possible scenarios, there may be scenarios which have not been covered and may require more detailed study and suitable formulations.

2. Flowcharts assisted guidelines with relevant instructions for following requirements are placed at Annexures to this Appendix:

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Requirement</th>
<th>Remark</th>
<th>Annexure No</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Engineering Support Package, MRLS &amp; Training</td>
<td>To arrive at optimal ESP, Spare and Training requirement as per maintenance philosophy for each case.</td>
<td>I &amp; IA</td>
</tr>
<tr>
<td>(b)</td>
<td>Validation Trials and Production Stage QA</td>
<td>To identify sufficient and just set of trials and test to be undertaken for validation and during production stage for optimization of cost and time and to provide the broad scope of trials to all vendors at RFP stage.</td>
<td>II &amp; II A</td>
</tr>
<tr>
<td>(c)</td>
<td>Packaging, Preservation, Delivery, Acceptance, Payment Terms and Warranty</td>
<td>To identify the requirement of Packaging, Preservation and applicable Warranty and provision for in-storage re-preservation to extend the shelf life of the equipment.</td>
<td>III &amp; III A</td>
</tr>
</tbody>
</table>

3. It is recommended that the SoC and RFP shall clearly bring out all the aspects of acquisition project like broad deliverables, proposed repair and maintenance philosophy, delivery schedule, broad scope of validation trials, time lines of procurement, Packaging & Preservation needed and financial aspects, etc.

4. It is reiterated that these guidelines are indicative and do not limit the acquisition planner in visualising various additional scenarios that are likely to arise in individual cases. These guidelines may be amended from time to time with the approval of DG(Aeq).
GUIDELINES ON PROCEDURE FOR DETERMINING THE APPLICABILITY OF
IMPOSING LIQUIDATED DAMAGE (LD)

1. These Guidelines lay down the procedure to be followed for determining the applicability
of imposing Liquidated Damage (LD) in cases where the Seller wishes to upgrade/ alter the
specifications of the equipment already contracted on account of change in manufacturing
procedures, indigenisation or obsolescence.

2. Para 6.2 of the Standard Contract Document (Chapter VI of DPP-2016) inter alia states
that “The SELLER, in consultation with the BUYER, may carry out technical upgradation/ alterations
in the design, drawings and specifications due to change in manufacturing procedures,
indigenisation or obsolescence. This will, however, not in any way adversely affect the end
specifications of the equipment.” This provision in the Contract enables a Seller to make changes
in specifications of the equipment as given in the contract with equipment/ sub assemblies which
are upgraded/ modified/ altered/ indigenised, promotes the local defence manufacturing industry,
increases self-reliance and is in consonance with the Make in India vision of the Government.

3. Since the Standard Contract Document also stipulates that the upgradation/ alteration
should not adversely affect the end specification of the equipment, it becomes necessary to
check, at the Limited Validation Trials stage, all parameters which may get affected due to the
said alteration. This further needs to be accepted by the competent authority, and may have a
financial effect which needs to be determined by a Professional Officers Valuation (POV) if
required. These approvals are time consuming and may lead to delays which may result in non
delivery of the equipment within the delivery schedule spelt out in the Contract, due to which the
Seller is liable to be imposed LD on account of non adherence to the contract conditions.
Imposition of LD on a vendor who is trying to achieve indigenisation, that too for no delay on
his part, needs to be addressed.

4. The procedure to be followed in all such cases is enumerated in subsequent Paras. In
cases where specifications are better or equivalent, vendor may be permitted without imposition
of LD subject to successful conduct of evaluation.

(a) If the Seller wishes to upgrade/ alter the specifications of the equipment after the
contract gets awarded, he will submit a written application to SHQ specifying the
equipment/ sub assemblies proposed to be changed and the list of RFP parameters which
are likely to be affected by this change. The application for initiating the proposal must be
submitted by the vendor within a maximum period of 3 months/ 20% of Delivery
schedule (whichever is earlier) from the date of award of contract and minimum
indigenisation percentage for initiating a proposal may be laid down as 10%. It may be
informed ab-initio to the vendor that no changes in original delivery schedule beyond six
months would be acceptable; else LD would be applicable if same is violated due to
Seller’s proposal. Written application from seller proposing Upgradation/ Alteration of
equipment must also include the following:-
(i) Timelines required for supply of item for limited evaluation trial after acceptance of offer.

(ii) Effect on delivery timelines.

(iii) Details of internal validation trials done by the Seller for the proposed changes.

(iv) Changes envisaged in SMTs/ STEs/ Test Jigs/ MRLS.

(v) Effect on overall cost of project.

(b) SHQ, in consultation with other stakeholders, will analyse the upgrades/ alterations offered by the Seller and the approximate time required for carrying out the Limited Validation Trial of the upgrades/ alterations. The vendor on his part must ensure that mere forwarding the proposal does not impact the original delivery schedule. An undertaking may be sought from the vendor at this stage that LD would be imposed on him if any delay occurs due to failing of proposed modification in equipment during limited validation trials or due to non-cooperation by the vendor in sharing data. Maximum time limit for analysis of proposal would be 4 weeks from date of receipt of the proposal from the vendor.

(c) If the time required for the acceptance of GS Evaluation/ POV is assessed to be more than six months (cumulative time for preparation of equipment after upgradation, fielding upgraded equipment for trials, completion of validation trials along with evaluation), upgradation/ alteration offered by the Seller on account of change in manufacturing procedures, indigenisation or obsolescence in the present contract need not be accepted on grounds of likely delay in the current procurement, and should be deferred to subsequent contracts (like Option Clause or Repeat Order). The time period of six months may be extended on a case to case basis depending on the duration of original delivery schedule, if accepted by the competent authority (PSO and equivalent in other services). POV (if applicable) should be carried out simultaneous with validation trials.

(d) If the time required for the same is less than six months, the offer may be accepted at the level of PSO in SHQ.

(e) If the time assessed by the SHQ was less than six months and the proposal was accepted by the SHQ, but thereafter the time taken by the Buyer in acceptance of GS Evaluation/ POV exceeds six months, then the reasons of delay would need to be analysed and decision of imposing LD should be based on attributability identified. GS Evaluation/ POV may get delayed due to non-cooperation by the vendor in sharing data, in these cases delay to be attributable to the vendor and LD to be imposed. Exemption from LD would be applicable only if the delay is attributable to the Buyer. The vendor, at the time of contract signing, would give a comprehensive list of upgrades which he wishes to make, and no further upgrades in that contract would be allowed.
(f) If the time assessed by the SHQ was less than six months and the proposal was accepted by the SHQ, but thereafter the Seller fails the Limited Validation Trials, LD should be imposed for delays, if any. The Vendor while proposing any upgradation should be reasonably confident of an acceptance. LD would be imposed if delivery schedule is delayed by 06 months or more.

(g) There is a need for financial evaluation wherever material variation in any of the terms or conditions in a contract becomes unavoidable. The benefit of downward trend, if established by the POV, would necessarily have to be passed on to the Buyer even in the ongoing contract. However, if the POV establishes a cost escalation due to proposed upgradation/alteration, same could be factored in the subsequent contracts, with the value of ongoing contract remaining unaltered.

(h) If the offer of upgradation/alteration has been applied for by the Seller, in the intervening period, he should continue to supply the equipment as per the original delivery schedule with the original equipment/sub assemblies till such time its acceptance is intimated to him.

(j) Waiver of up to maximum six months of delay in delivery period by PSO in SHQ may be only considered post evaluation of proposal and confirmation of acceptance to the Seller. However LD provision will be applicable for any delays beyond Revised Delivery Schedule. The delivery schedule will not be changed beyond six months and LD would be imposed if the same is violated. This would be done on a case to case basis upon a written request from the Seller.

(k) Diagrammatic Work Flow for implementation of LD in Upgradation/Alteration cases is given at Annexure I to this Appendix.

5. These Guidelines are issued with the approval of the DAC and are to be adopted with immediate effect.
Annexure I to Appendix J  
(Refer Para 4(k) of Appendix J)

WORK FLOW

CONCLUSION OF CONTRACT

APPLICATION FROM L1 VENDOR FOR UPGRADATION/ALTERATION

ASSESSMENT OF TIME BY SHQ

LESS THAN SIX MONTHS

ACCEPTED

CARRY OUT FET AND ITS ACCEPTANCE

PASS

NO LD

FAIL

IMPOSE LD

NOT ACCEPTED, DEFERRED FOR SUBSEQUENT CONTRACTS

MORE THAN SIX MONTHS

DELIVERY

DELIVERY AS PER SCHEDULE

NO LD

ASSESSMENT OF REASONS FOR DELAY BY SHQ

FORCE MAJEURE

NO LD

OTHER REASONS

IMPOSE LD
Annexure I
(refer to Para 1)

MILITARY MATERIALS CLASSIFICATION

1. Details of the first step viz, classification based on the volume of utilisation, is as follows:

   (a) **Type (I)**. Depending on the volume used i.e., special alloy steels for main Structural Material for platforms like Ship/ Submarine, Aluminium-Magnesium alloys/ composites for Aircraft Structures, high performance steels for Armoured Vehicles, Armour Materials etc., which are generally used by the prime contractors/ vendors.

   (b) **Type (II)**. High end Materials used for various Systems, Sub-Systems, Equipment and various components of equipments like Corrosion Resistant Alloys for Sea Water Systems, Temperature Resistant Turbine materials, Body Armour Materials, Cryogenic Materials for Missiles and other weapon systems, Titanium alloys for submarine applications, Duplex/ super duplex steels etc., which are used by main Vendors and Tier I/ II vendors.

   (c) **Type (III)**. High end multi-purpose materials used in various electronic components and similar components i.e., Semi Conductor Materials, Rare Earth Materials, Dielectric Materials etc., which are generally sourced from lower Tier Vendors.

   **Note**: Type I & II Materials are to be examined for classification/ R&D/ Production. Only such Type III materials that are exclusively used by defence industry are to be examined, rest are to be taken up for development by relevant ministries.

2. On identification of type of materials (as explained above), further classification as follows to be undertaken based on availability of materials and the technology threshold:

   (a) **Class ‘A’**. The materials which are available in the country but are being imported by Defence Vendors due to commercial reasons or non-validation of qualitative requirements or absence of knowledge of material availability.

   (b) **Class ‘B’**. Materials that are not available in the country but commercially available elsewhere in the world and are being imported by Defence Vendors.

   (c) **Class ‘C’**. Futuristic Material which are not known to be available in the world/ which are not commercially available and which can be developed.
### Final Classification into 3 x 3 Matrix

<table>
<thead>
<tr>
<th></th>
<th>A III</th>
<th>B III</th>
<th>C III</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>• Semi conductors, Rare earths, Dielectric materials</td>
<td>• High TET turbine blade materials</td>
<td>• Flexible Body Armour material</td>
</tr>
<tr>
<td>II</td>
<td>• Special Marine Materials for systems • Tank Armour materials • Super Duplex Steels • Maraging Steels • Titanium Alloys</td>
<td>• Submarine Reactor Pressure Vessel Material</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>• Ship Hull Material • Tank Material</td>
<td>• Submarine Pressure Hull Material • Composites raw material for Aircraft • Al-Mg Alloys</td>
<td></td>
</tr>
</tbody>
</table>

**Utility of Material**
- A: Available in the Country
- B: Available in the World
- C: Commercially not Available/Yet to be Developed

**Availability of Material**
- A: Available in the Country
- B: Available in the World
- C: Commercially not Available/Yet to be Developed
FLOW CHART FOR "MILITARY MATERIALS"

Start

Classification based on Volume of Utilisation

Identify Type - I/II/III

Inputs post interaction with Industry

Collation of inputs for RFI

Inputs from specific DRDO Labs

RFI

Inputs from RFI

Collate/ Analyse Inputs

Are Inputs Sufficient

No

Additional RFI to Material Manufacturers

Yes

Identification of Type of Materials

Class A

Class B

Class C

Is material exclusive to defence use

No

Future development by Other Ministries

Yes

Future development by DRDO/ Make I / ToT/ Offsets

Feasibility for Current Project

No

Steps for compulsory use/ discourage import/ incentivise/ ToT/ Offsets/ Make II/ TDF

Yes

Future development by Other Ministries

No

Future development by DRDO/ Make I / ToT/ Offsets
INDICATIVE LIST OF PERFORMANCE METRICS FOR A PBL CONTRACT

1. **Level of Performance** Metrics. An indicative list of drivers/requirements to measure level of performance metrics is as follows:-

   (a) System availability (serviceability percentages, platform availability, system uptime (hours per), utilisation rate (hours per), and/or

      (i) An assured fleet availability of xx% - the methodology and periodicity of calculation to be clearly specified.
      
      (ii) Mission capability (defined) for particular mission.

   (b) Spares availability (MRLS/PBL). and/or,

      (i) Availability of parts, including those fitted on the main equipment/aircraft at a certain %.

      (ii) Supply of AOG category of items in a defined time frame.

         (aa) At the port of entry within 96 hours.
         (ab) Despatch details (airway bill) in 48 hours.
         (ac) Demand satisfaction /fill rate of 90%
         (ad) Timely supply of all scheduled servicing kits.

   (c) Reliability metrics, and/or,

      (i) Free of cost repair for new items and repaired items which fail within a specified period of time.

   (d) Supply chain metrics (Turnaround time, repair time, non-availability time), and/or,

      (i) Repair turn-around time (R-TAT) of 3 months for 90% items and the remaining at 6 months.

   (e) Engineering reach back metrics, and/or,

      (i) Engineering disposition within 48 hours of communicating the problem.

   (f) Cost based metrics, (annual cost of), and/or,

   (g) Consumables/FOL etc, and/or,

   (h) Availability of field support (FSR, LSR etc).
Responsibility Matrix
(Sample Data Only)

Note: Fill Col 2 & 3 as applicable

<table>
<thead>
<tr>
<th>Function Task</th>
<th>Responsibility of Buyer</th>
<th>Responsibility of Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1-</td>
<td>-2-</td>
<td>-3-</td>
</tr>
<tr>
<td><strong>A. Maintenance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Flight Line Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Pre flight / Daily checks (1st Line)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Periodic Checks (2nd Line)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. GSE / GHE Role Eqpt (1st Line)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. GSE / GHE Role Eqpt (2nd Line)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Fault Isolation / Troubleshooting (1st &amp; 2nd Line)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Spares / Expendables Removal and Installation / Topping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Service Bulletin Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Minor Structural Repairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Major Structural Repairs / Repairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Spares Repair and Inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Technical Assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Aircraft Configuration Changes (based on Role / Mission)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Supply Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Initial Purchase of Spares and Expendable Parts (OEM Rec)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Replenishment of Spares and Expendable Parts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Spares Forecasting, Inventory &amp; Re-order Levels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Spares Availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Spares Repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Service Bulletin Material</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Material and Supply Chain Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. FOL &amp; Consumables as per OEM Recommendations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Availability of Logistics Service Rep (LSR) at Main Operating Base (MOB)</td>
<td></td>
<td></td>
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<tr>
<td>10. Deficiency / Discrepancy Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D. Engine Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Propulsion system sustainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Engine Trending &amp; Diagnostics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Engine handling equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E. Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Hangar, Warehouse and other facilities in MOB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Management of Spares Warehouses at MOB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Service / Housekeeping maintenance of MOB facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Central Warehouse Responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Office space, Internet and Communication facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F. Ground Support Equipment (GSE)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Purchase GSE for O level Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Purchase GSE for I level Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. GSE Maintenance (Calibration and Maintenance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G. Maintenance &amp; Operation Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Maintenance Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Configuration and Maintenance Documentation Control</td>
<td></td>
<td></td>
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<tr>
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<td></td>
</tr>
<tr>
<td>5.</td>
<td>Engineering Support to Tasks at Site</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Issue SBs / Tech directives / Mods</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>FDR Data Download</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Structural health Monitoring / Aircraft Structural Integrity Program</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Calibration Support</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Proof Load Testing management</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Mission Planning Hardware &amp; Software Support</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>All software Updates &amp; Subscription Services</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Navigation, TAWS data</td>
<td></td>
</tr>
</tbody>
</table>

**H. Packing, Transportation & Handling**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Packing</td>
</tr>
<tr>
<td>2.</td>
<td>Transport from SELLER to BUYER Central Warehouse, under DAP conditions, Incoterms 2010</td>
</tr>
<tr>
<td>3.</td>
<td>Transport from BUYER Logistics Control Point to SELLER</td>
</tr>
<tr>
<td>4.</td>
<td>Transport from MOB to other MOB / FOB</td>
</tr>
<tr>
<td>5.</td>
<td>Customs Administrative process (Bill of Entry preparation)</td>
</tr>
<tr>
<td>6.</td>
<td>Customs clearance and related costs and taxes and duties</td>
</tr>
<tr>
<td>7.</td>
<td>Release of items from customs and delivery to final destination</td>
</tr>
</tbody>
</table>
SCAPE OF WORK FOR PBL CONTRACT

Note – 1: The sample case relates to main contract for supply of a fleet of aircraft. Modify scope as per equipment/system.

Introduction

1. The SELLER shall provide **overall logistics support and perform tasks, functions and responsibilities to support the name of the fleet/equipment/system** as a Performance Based Logistics (PBL) Package as described in this Appendix.

2. The PBL Package is based upon the following assumptions:-
   (a) **PBL Duration:** specify the period of applicability of PBL.
   (b) **Aircraft Fleet for PBL:** All Aircraft delivered during the PBL period as per delivery schedule in Table 1.
   (c) **Average Flying Rate:** state the Flight Hours (FH) per Aircraft per year.
   (d) **Warehouse:** The Central Warehouse of the BUYER will be (List the BRD/ED/Storage Location of IAF).

3. **Aircraft Delivery & Base Opening Plan.** The PBL package is designed based on the following aircraft deliveries and the number of bases from the contract effective date (T0):-

   **Table - 1: Aircraft Deliveries and Bases**

<table>
<thead>
<tr>
<th>No of Aircraft</th>
<th>Delivery Month</th>
<th>Number of Bases</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>T0 + 12</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>T0 + 36</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>T0 + 48</td>
<td>4</td>
<td></td>
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<tr>
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<td></td>
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<tr>
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<td>--</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>T0 + 96</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

   (Table filled with sample data only)

4. **Minimum Fleet FH Distribution Per Year.** The estimated year wise minimum FH distribution at a rate of (....)FH/Aircraft/Year is as follows:–

   *(Include data here)*

Scope

5. The SELLER shall deliver a PBL Package for five years for the BUYER (list of aircraft fleet/equipment/system), commencing from delivery of the first aircraft.

6. The SELLER shall position a Program Manager and a Technical Team centrally located at (mention location) for the duration of the PBL contract. The Program Manager will act as an interface with the BUYER for ensuring that the conditions of the PBL are met.
7. The SELLER shall be responsible for the following ‘off-aircraft’ activities:

(a) Supply Chain Management up to the BUYER’s Central Warehouse.

(b) Repair and overhaul of all components (LRU’s) of the Aircraft delivered during PBL period.

(c) Repair/Replacement of spare parts.

(d) Replenishment of all Aircraft expendable parts to support the periodic and ‘Out Phase’ maintenance activities of Aircraft.

(e) Compliance of modifications, Airworthiness Directives (ADs) & Mandatory Service Bulletins (MSBs).

(f) Calibration and maintenance of the GSE, GHE, STE and Role Equipment.

(g) Provide an Information Technology (IT) tool for managing information with the BUYER.

8. The expendable and spare parts in the contract will be only for and specifically for the aircraft fleet considered in the scope of the PBL Package.

9. The BUYER shall be responsible for fault isolation and aircraft maintenance planning. The SELLER may provide assessment when requested by the BUYER.

10. The following table summarizes the main logistic support functions, tasks and responsibilities during the PBL period:

<table>
<thead>
<tr>
<th>Function Task</th>
<th>Buyer</th>
<th>Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Maintenance</strong></td>
<td>-1-</td>
<td>-2-</td>
</tr>
<tr>
<td>1. Pre flight / Daily checks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 50 hour checks and multiples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 100 hour checks and multiples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Six monthly calendar checks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Fault isolation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Spares / Expendables Removal and reinstallation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Service Bulletin Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Structural repairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Spares Repair and Inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Technical Assistance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **B. Supply Support**                             |       |        |        |
| 11. Initial Purchase of Spares and Expendable Parts*|       |        |        |
| 12. Replenishment of Spares and Expendable Parts  |       |        |        |
| 13. Spares Repair                                 |       |        |        |
| 15. Material and Supply Chain Management           |       |        |        |
| 16. FOL (Fuel, oils, lubricants, sealant etc.)**   |       |        |        |

| **D. Facilities**                                 |       |        |        |
| 6. Hangar, warehouse and other facilities         |       |        |        |
| 7. Management of spares warehouses                |       |        |        |
| 8. Service/ Housekeeping maintenance of facilities|       |        |        |
| 9. Central warehouse Responsibility               |       |        |        |

| **E. Ground Support Equipment (GSE)**             |       |        |        |
6. GSE Maintenance (calibration and maintenance) 

F. Maintenance and Operation Support 
14. Maintenance planning 
15. Configuration and maintenance documentation control 
16. Engineering support to tasks 

G. Transport 
8. Material transport from the SELLER to the BUYER Central Warehouse, under DAP conditions, Incoterms 2010 
9. Material transport from the BUYER Central Warehouse to the SELLER 
10. Material transport from MOB to other MOB 
11. Customs administrative process for clearance (Bill of Entry preparation) 
12. Customs clearance and related costs and taxes and duties 
13. Release of items from customs and delivery to final destination

(All data/information in Col 1, 2 & 3 is sample data, for informational purposes only. Fill columns as appropriate)

* Items delivered under the scope of the Engineering Support Package under this Contract.

** All part numbers and their equivalences, along with the vendor information, are included in the technical document Consumable Material List that will be provided by the SELLER within the scope of the Engineering Support Package.

The BUYER shall be responsible for fault isolation and aircraft maintenance planning.

The SELLER may provide assessment when requested by the BUYER.

11. Technical Review Meetings. The Technical review meetings and Program Review meetings shall be conducted as specified in Annexure I (format to be drafted).

12. PBL Management Plan. The SELLER shall provide the draft PBL Management Plan (provide time period here).

(a) The PBL Management Plan will cover all the PBL activities, and establish detailed processes between the BUYER and the SELLER.

(b) The formats and modes of communication will be defined in the PBL Management Plan.

Maintenance Support

13. Maintenance Schedule. The Aircraft scheduled maintenance shall be conducted according to (List the reference document here) for (list the aircraft/equipment/system here). The Aircraft scheduled maintenance and periodicity is as follows:-

<table>
<thead>
<tr>
<th>Table 3: Maintenance Intervals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Maintenance</td>
</tr>
<tr>
<td>-1-</td>
</tr>
</tbody>
</table>
(a)                  |                      |         |
14. **On-Aircraft Maintenance.** The BUYER shall be responsible to perform:

*The sub-para contains sample list of activities. To be amended as per nature/type of equipment*

(a) Level maintenance activities including Pre-flight, Daily, checks.

(b) I-level maintenance activities including *(type of)* checks.

(c) Non-scheduled and corrective maintenance activities

(i) These activities shall consist of fault diagnosis, isolation and replacement of failed Line Replaceable Units (LRU), intimation to the SELLER’s technical representative for updating the spare parts management.

(ii) Any flight associated to scheduled and unscheduled maintenance activities and/or fault corrections

(d) Major scheduled repairs, special inspections like NDI will be undertaken by the BUYER. SELLER shall consider such on-demand job on an over and above quotation basis.

15. **Off-Aircraft Maintenance.**

*The sub-para contains sample list of activities. To be amended as per nature/type of equipment*

(a) **Engine.**

(i) The SELLER shall undertake the first ten *(10)* *(sample data only)* major repair/overhaul activities of the engine within the scope of this contract. All the subsequent major repair/overhauls of engines will be treated as an over and above quotation.

(ii) Major repairs is defined the repair at a depot level facility.

(iii) The BUYER will conduct the Engine Condition Monitoring (ECM) according to the engine manufacturing manuals and provide the data to the SELLER. The SELLER shall analyse the engine data and report the engines status to the BUYER.

(iv) The BUYER shall be responsible for preventive maintenance of the engine as stated by the “On Condition” maintenance program and ECM. Failure to complete the tasks required by the *(provide applicable document reference here)*, and other documents mentioned herein, particularly execution of a correct ECM, will exempt The SELLER from any responsibility and extra costs due to premature engine removal for major repair/overhaul.

(v) SELLER shall be responsible for repair and overhaul of Propeller at an Authorized Repair Centre *(preferable in India)*, within the scope of this contract.

(vi) Other conditions/terms, as agreed.

(b) **Landing Gear and its Accessories.**

(i) The SELLER shall undertake the first five *(5)* major repair/overhaul *(sample*
(ii) Major repairs is defined the repair at a depot level facility.

(iii) Other conditions/terms as agreed.

(c) **Other Components.**

(i) SELLER shall undertake repair/overhaul of the remaining components, except for the wheels, batteries and brakes at the approved Repair Centers.

(ii) Brakes heat-pack support is included on the scope of this contract.

(iii) Other conditions/terms as agreed.

**Technical Support Services**

16. **Technical Support Team.** The SELLER shall designate a (*type of fleet/equipment/system*) qualified Technical Team centrally at (*Place*) for the duration of the PBL Contract. The Technical Team shall have adequate technical skills in all the fields of (*aircraft, engine, role equipment, GSE etc. Sample data only, replace as necessary*) to assure necessary Technical Support to the BUYER.

17. The Technical Team shall provide following support to the BUYER:-

(The sub-paras contain sample data. Append/delete as it pertains to the case)

(a) Technical assistance in operation and maintenance activities as and when requested.

(b) Assist on the use and interpretation of technical publications, maintenance program, GSE, GHE, STE and Role Equipment operation and maintenance.

(c) Advice and respond to the technical queries on maintenance activities raised by the BUYER.

(d) Monitor fleet and component reliability based on the data received from the BUYER. The SELLER shall deliver reliability reports for the BUYER fleet including benefits of exploiting data from other operators.

(e) Act as Engineering link with the BUYER to solve technical problems and repairs not included in maintenance manuals.

(f) Analyse the BUYER's maintenance practices and operations and recommend necessary changes in the procedures to optimise performance.

(g) Assist and advice on aircraft modifications or Service Bulletins embodiment.

(h) Manage with the BUYER representatives, the periodic FH status to align data bases of both parties. Procedure and periodicity of audits shall be agreed during (*CDR and PRM meetings, sample data only, replace as applicable*).

18. The Technical team activities will be conducted completely on ground and 'off-aircraft'.

19. In the event of request from the BUYER for the Technical Team for on-site support at a location other than operating Bases, the SELLER’s Technical Team shall travel to other geographic locations in India where services are requested. The cost of such services shall be separately quoted on case to case basis. Such locations will be limited to low risk areas in terms of security in accordance with **applicable**.
20. The working hours of the Technical Team shall be 09:00 H to 17:00 H, Monday to Friday. All queries outside the working hours shall be addressed to the (AOG Back Office Desk, sample data only, replace as applicable).

21. The SELLER reserves the right to rotate the personnel of the Technical Team every three months.

22. The SELLER shall deploy Technical Assistance detachment at every operating Base during the set up phase. The Technical Assistance detachment duration shall be agreed between both the parties in the PBL Management Plan. Access to the operating Bases will be granted by the BUYER.

23. **Engineering Reach Back/ Technical Assistance / Support Services.**

   *(The sub-para's contains sample data. Append/delete as it pertains to the case)*

   (a) **48 hours Initial Response.** The SELLER shall provide assistance (advise) on all technical matters and critical snag rectification. The first response shall be assured within 48 hours of the request by the BUYER.

   (b) **Engineering Consultation.** The SELLER shall ensure response to all technical enquiries with respect to the aircraft, systems, sub systems and associated equipment supplied by the SELLER.

   (c) **Repair Dispositions/ Investigation.** The SELLER shall provide first 10 cases () of problem analysis/Investigation or repair disposition within the scope of the contract. All the subsequent Investigation or repair disposition will be separately quoted on case to case basis.

   (d) **Other Engineering Support.** The SELLER will provide technical and engineering support beyond “T” level maintenance that will be separately quoted on case to case basis.

**Maintenance Engineering**

24. The BUYER shall be responsible for the following Maintenance Engineering activities:-

   (a) Plan and control the maintenance activities.

   (b) Control the aircraft life limited components.

   (c) Update the aircraft documentation.

   (d) Manage and control the fleet configuration.

25. Compliance with Airworthiness Directives (ADs)/ mandatory Service Bulletins (SBs) shall be undertaken by the SELLER through the BUYER’s technicians. The SELLER will provide spares and TTGE required for compliance of such ADs/SBs.

26. The SELLER will be granted access to the maintenance engineering management system, of the BUYER according to mutually agreed procedures.

**Additional Field Services**

27. The SELLER will provide field services as necessary at BUYER’s request to assist in major repairs required to recover the (aircraft/equipment/system) after incident/accident. Such support will
These specialists will be available to review personally any situation at any place in the world for any period of time they may be required.

28. The cost of these services will be considered as an “on-demand job” and quoted separately on case by case basis.

Access to Online Technical Manuals & Publications

29. The SELLER shall provide access to technical publications through Web Portal with the latest updates.

30. The SELLER shall provide user licences for forty users (sample data only, change as applicable) to access the Customer Web Portal, during the validity of the contract. The BUYER will have to make its arrangements for availability of Internet (World Wide Web).

31. The Web Portal is a tool to drive the BUYER’s on-line communication needs using secure protocols. Through this Portal, the BUYER can take benefits of single point online access to on all the technical information. The main features of the Web portal would be:-

   (a) Friendly environment with online access to updated technical information.

   (b) Queries resolution.

   (c) Management In Service Issues.

Software Updates
(Sample data only, change as applicable)

32. The SELLER shall provide updates for the applicable LRUs routinely to ensure continued airworthiness of aircraft.

33. The navigation data base updates are not covered in this contract.

Material & Logistic Support

34. Initial Provisioning. The BUYER shall procure all the initial package of spares, GSE, GHE, STE and role equipment; for carrying out servicing up to ‘O’ and ‘T’ level on Aircraft.

35. Repair, replacement and replenishment. The SELLER shall be responsible for the replenishment of expendables and spare parts such that the BUYER stock at the end of the PBL Support period will remain the same as initial Aircraft Package delivery. The SELLER shall minimize as much as possible any possible intermediate shortage of stock during the contract execution.

   (a) Replenishment of Expendables.

       (i) These items shall be replenished and the stock as initial delivery will remain the same at the end of the contract. The SELLER will have the right to replenish with equivalent or upgraded parts.

       (ii) The BUYER shall provide the SELLER, the maintenance tasks reports that support the reason for consumption along with the Aircraft Tail Number. The procedure and mode of communication shall be agreed during PDR/CDR meetings. The SELLER shall provide the document proposal two weeks before the meeting to allow BUYER revision.

36.
(i) The SELLER shall repair/replace the faulty components of Aircraft, GSE, GHE, STE and Role Equipment. The BUYER shall use the spares provided as MRLS to recover the unserviceable aircraft.

(ii) The SELLER shall replenish the spares with new or repaired parts at its sole consideration. In case of repaired items, the SELLER shall ensure that the component life of such replenished spares is maintained at the similar level of the component life of the replaced spares.

(iii) The SELLER will have discretion to choose the Authorized Repair Centre (preferable in India).

(iv) The replenishment of items rendered useless (scrap) or BER will be done by new or repaired items at the discretion of the SELLER.

(v) Repair activities. The BUYER will provide to the SELLER the maintenance task report that support the reason for repair, failure description, troubleshooting records and aircraft affected Serial Number.

(vi) No Fault Found (NFF). In the event of a ‘No Fault Found’, the BUYER and the SELLER will engage in a joint assessment to identify the potential solution and way forward for the specific equipment.

(vii) The SELLER’s responsibility over spares and expendables shall be limited to inspection/ test/ repair of those components which are removed from the aircraft due to failure or life limited or Shelf-life expired.

(viii) The items removed from the aircraft will be replaced with items pertaining to the BUYER’s stock; such support is limited to the aircraft delivery configuration and excludes additional equipment installed by the BUYER.

(c) Consumables/Spare of O level/I level/ Out of Phase Servicing and Service Bulleting Embodiment.

(i) The SELLER shall supply spares and consumables based on past consumption data. The BUYER will intimate the details of scheduled servicing/ maintenance due on the aircraft, four months in advance. The consumables/ spares shall be made available to the BUYER 30 days prior to scheduled task.

(ii) FOL (Fuel, oils, lubricants, according to Consumables Material List) will be the responsibility of the BUYER.

(iii) SELLER will provide the list of FOL items, their in lieu items and sources of supply. This information will be included in the technical manual Consumable Material List.

AOG Items

36. AOG situation shall be considered when BUYER has a lack of a serviceable item within all the BUYER stock locations.

37. In the event of an AOG, the AOG starting date shall be the date when the SELLER receives official communication of such AOG by the BUYER by means of the Form of Material Request as per format to be defined in the PDR and will finish when the SELLER makes the shipping details available to the BUYER.
39. If the demand is raised between Friday to Sunday the SELLER shall provide dispatch/shipping details of AOG items within 72 hours of the demand.

40. AOG items shall be considered as follows:-

   (a) NO GO classified items as per Manufacturer Minimum Equipment List (MMEL) from the date the AOG has been declared.

   (b) GO IF classified items after the grace period for flight per item as per Manufacturer Minimum Equipment List (MMEL).

   (c) Other components items shall become AOG after 15 days from BUYER official request.

**Urgent Items Likely to Cause AOG**

41. The BUYER will project the demand of items falling due in the next four months for all Urgent items. The SELLER shall ensure availability of these items seven days prior to the scheduled date of maintenance.

**Urgent Items Required for Scheduled Maintenance**

42. The BUYER will project the demand of items falling due in the next four months for all Urgent Items for scheduled maintenance. The SELLER shall position the items one month prior to commencement of scheduled maintenance servicing.

**Anticipated Replacement**

43. In case an anticipated replacement is performed, the BUYER must remove the unserviceable item from the aircraft no later than 48 hours from the receipt of the substitution element.

**Supply Chain Management**

44. **Logistic Support.** The SELLER shall be responsible for Supply Chain Management as follows:-

   (a) Provide reports of the inventory.

   (b) Provide reports of the level of consumed stock, performing the required material requisitions to maintain the initial level.

   (c) List of demands in a given month.

   (d) Periodic inventory audits management with the BUYER for inventory data reconciliation between BUYER and SELLER data bases. Procedure and periodicity of before mentioned audits shall be agreed during PRM and CDR meetings.

45. **Logistic Support Personnel.**

   (a) SELLER shall position a logistic support team that will be co-located in a dedicated office at the BUYER’s Central Warehouse.

   (b) Access to the BUYER installations shall be granted by the BUYER. The Logistic team will have direct contact with the BUYER’s maintenance and logistic personnel for all the necessary work.
(c) The SELLER’s Logistic Representative will be responsible for the management of Material Services contractual commitments for the PBL as follows:

(i) Act as central focal point for all matters related to Material Support Services at the BUYER’s site.

(ii) Ensure that the contractual material performance related to maintenance services is achieved, locally at the Central Warehouse.

(iii) Coordination of the materials needs, anticipate the spares needed and inform the BUYER.

(iv) Manage all the activities related to:

   (aa) Repairs & Overhauls of components included in this contract.

   (ab) Spares.

   (ac) Transportation.

   (ad) Communication with the BUYER.

   (ae) Provide status of pending items, and delivery status to BUYER (expendables), under repair status (date of return) and critical items identification.

   (af) Anticipation of the materials needed for scheduled maintenance activities.

   (ag) Liaise with the BUYER to facilitate timely delivery of repaired/replenished/replaced items along with the appropriate shipping and quality documentation.

   (ah) Be responsible for the follow-up of stock movement at BUYER Central Warehouse, following the performance and consumptions of the BUYER.

   (aj) Identify and report the high-rotation and high-failure rate items, specify the root cause (when possible) and launch the opportune actions to prevent stock-out.

   (ak) Launch, the repair management process for any repairable item, and provides feedback to the BUYER for the estimated delivery date (EDD) of the serviceable item.

   (al) Verify that the repairable item is shipped in the correct packaging conditions according to the ATA300 requirements and arranges the shipment of the goods.

   (am) Under ATA300 regulation, any single item is managed in a manner guaranteeing its safety during the whole logistic process. Special shipment conditions of hazardous materials or electrostatic discharge-sensitive devices are applied and will be indicated.

**ATA 300 CAT II** - Category II containers are effective for a
ATA 300 CAT III - Category III containers are effective for just one trip.

(a) Manage and follow-up scrapped items.

(ao) Manage with the BUYER, the corresponding periodic physical inventory audits to align stock level database of both parties.

46. **BUYER Responsibilities.**

(a) The BUYER shall be responsible for reporting the monthly flight hours to the SELLER, by means of a joint report prepared with the SELLER’s Technical Representative.

(b) The BUYER will be responsible for reporting the weekly spares part inventory status to the SELLER, by means of a report prepared jointly with the SELLER’s Logistic Representative.

(c) The BUYER will schedule with the SELLER’s representatives periodical meetings to execute audits for data bases reconciliation. The information received by the BUYER shall be considered as valid for all cases. SELLER shall not be liable of any delay caused by not accurate information of stock levels.

(d) The BUYER will grant the SELLER with access to FDR recordings at the SELLER’s request when an incidence or exceedance or extreme engine parameters in-flight have occurred.

(e) The BUYER shall deliver the faulty LRU to SELLER representatives not later than fifteen (15) calendar days after LRU removal at BUYER Central Warehouse.

47. **Facilities.**

(a) The BUYER will be responsible for warehousing of its spares in terms of hangars, warehouse facilities and equipment (air conditioning, shelves, etc). The Facility Requirement Document (FRD) for such facilities will be provided along with the PBL Management Plan ar PDR.

(b) The SELLER will perform a site survey in advance to ensure the BUYER warehouse complies with the requirements for storage of aeronautical components, and the recommended actions will be performed by the BUYER.

(c) The BUYER will provide to the SELLER logistic and technical personnel office space at the Central Warehouse, the necessary furniture (tables, chairs), the necessary utility connections (water and light), and authorize the installation of a stand-alone connection for internet connection.

(d) The BUYER will provide to the SELLER’s representative, temporary office space during on-site service, the necessary utility connections (water and light), and authorize installation of a stand-alone connection for internet connection.

**Performance of PBL Services**

48. The following time periods shall be excluded from performance of PBL Services and therefore shall not be liable for Liquidated damages:-

(c) The BUYER shall maintain 24/7 Business Hours of SELLER’s office.
(b) Time required to recover Aircraft on AOG due to accident, damage or FOD, or by Force Majeure.

(c) Delays of more than seven days in payment of Custom Duty and allied Taxes by the BUYER, provided that the SELLER has submitted duly completed necessary documents to the BUYER prior to the date of shipping of items.

(d) Any disputed periods of delays shall be resolved at dedicated meetings between representatives of BUYER and SELLER.

49. The SELLER shall issue a certificate of conformity for each supply under PBL package. Supplies shall be deemed to have been accepted by the BUYER upon handing over the item at Central Warehouse of the BUYER.

50. The quantity claims for deficiency of quantity shall be presented within 45 days from the end of each Year Period in a format to be defined in the PDR.

51. Unless otherwise agreed between the Parties, the SELLER shall within a period of 90 days after termination or expiry of the PBL Support complete all repairs/replacements and replenishments that are in progress on such termination or expiry date.

52. Within the Warranty period defined in Article (15, as applicable), the warranty of repaired/replaced/replenished parts shall be as defined in Article (15, as applicable) of the contract. After completion of the warranty period, the warranty of the repaired/replaced/replenished parts supplied as part of the PBL shall be one (1) year or 300 Flight Hours (as applicable) whichever is earlier.

53. **Supply Records.** The following Supply records will be provided by the SELLER:-

   (a) AOG items status (daily).

   (b) Stock availability report (weekly).

54. The format of the records will be defined during the CDR. The SELLER shall provide the document proposal two weeks before the meeting to allow BUYER revision in advance.

55. **Insurance**

   (a) The SELLER will be responsible for the insurance of the SELLER personnel.

   (b) The SELLER will not be responsible for security and custody of all properties, including spare stock and ground support equipment.

56. **Transport.**

   (a) Transport of Supplies from the SELLER to the BUYER’s Central Warehouse will be performed under DAP conditions, Incoterms 2010 and transport of Supplies from the BUYER Main Warehouse.

   (b) The SELLER shall be responsible for the Customs administrative process for clearance (Bill of Entry preparation).

   (c) Customs Duty and associated Taxes shall be borne by the BUYER. The SELLER shall be responsible for the release of items from customs and delivery to final destination.
The following tasks, services and responsibilities which are not part of this Contract and will be considered 'over and above' as follows :-

(a) Replenishment of items installed by the BUYER not part of the SELLER recognized configuration of the aircraft or duly documented evolutions through Service Bulletins. Such replenishments may be considered by the SELLER subject to availability and mutual agreement with the BUYER on 'over and above' basis.

(b) Replenishment of elements with corrosion that exceed the technically allowed limits and have been caused due to lack of BUYER inspections or mitigation actions as per the technical manuals or specific OEM instructions provided by the SELLER.

(c) Replenishment of POL that are not part of initial MRLS (fuel, oils, lubricants, grease, sealants, paints and fluids, etc.).

(d) Replenishment or repair of damaged elements:-

(i) Resulting from crash or accidental damage, foreign object damage (FOD), damage due to war and terrorist activities.

(ii) Secondary damage resulting from a primary equipment failure due to crash or accidental damage, FOD, damage due to war and terrorist activities.

(iii) Due to the BUYER's fault, or negligence, inadequate operation or maintenance activities performed on the aircraft.

(iv) Resulting from natural disaster (floods, earthquakes, lightning, etc...).

(e) Modification, substitution or replacement of equipment at variance to the SELLER recognized aircraft configuration.

(f) Any manpower to perform maintenance "On Aircraft" activities.

58. The 'over and above' tasks or service will be quoted on case by case at the BUYER’s request, and will be undertaken upon mutual agreement.

Extension of PBL Service

59. The PBL support may be extended after the expiry of the 5 year period in subsequent blocks of 5 year periods upon mutual agreement between the parties.

60. The Logistical Support Service and the Technical Support Service are catered for the Fleet Hours associated to this contract. In case of renewal, these services shall be adjusted to the new Fleet hours.

61. The Fleet Flight Hour Cost will be subject to the following escalation formula:

Escalation formula (with a maximum cap/ limit of 3%) for year 2013 (change as applicable) and subsequent years will be:

\[ P_x = P_{2013} \times \left( \frac{M_x}{M_{2013}} \right) \]

Where:

\[ P_x \] = Price to be applied in the year "X";
MX = The value of the Industry-Producer price index (Manufacturing industries code "Teis020" of EU28 in accordance with NACE Rev 2) in the Euro zone published by the Eurostat corresponding to February X (sample data only, change as applicable).

M2013 = The value of above mentioned Producer price index corresponding to February 2013 which value is 108.69 (sample data only, change as applicable).

62. After the completion of the first PBL package, it would be an option that other than MRLS, all further transaction of spares and reparable be undertaken through Indian Aircraft Contractor (IAC) at mutually agreed terms and conditions.

Security

63. A BUYER shall grant security clearance to the SELLER representatives to work at BUYER facilities. Any location declared as Medium-High Risk area by SELLER security department shall be avoided by SELLER personnel.
Appendix E to Chapter II  
(Refers to Para 15 (b) of Chapter II)

DRAFT FORMAT: NATURE/SCOPE OF INFORMATION REGARDING CASES  
WHICH ARE RECOMMENDED TO BE PLACED ON MoD WEBSITE

(This is a standardised format for guidelines. It may be varied  
depending on user requirements, type/complexity of equipment/  
machinery/test equipment and operational imperatives. SHQ may alter  
it as per their service requirements)

1. The Ministry of Defence, Government of India, intends to procure .................  
(generic nomenclature of equipment and approximate quantity).

2. This Request for Information (RFI) consists of three parts as indicated below:-

   (a) **Part I.** The first part of the RFI incorporates operational characteristics and  
       features that should be met by the equipment. Few important technical parameters of the  
       proposed equipment are also mentioned.

   (b) **Part II.** The second part of the RFI states the methodology of seeking response  
       of vendors. Submission of incomplete response format will render the vendor liable for  
       rejection.

   (c) **Part III.** Guidelines for Framing Criteria for Vendor Selection/Pre  
       Qualification in Buy Indian (IDDM), Buy (Indian) and Buy & Make (Indian) Cases.

**PART-I**

3. **The Intended Use of Equipment (Operational Requirements).** To be decided by SHQ  
keeping in view security considerations.

4. **Important Technical Parameters.** To be decided by SHQ keeping in view security  
considerations.

5. Vendors should confirm that following conditions are acceptable: -

   (a) The solicitation of offers will be as per ‘Single Stage-Two Bid System’. It would  
       imply that a ‘Request for Proposal’ would be issued soliciting the technical and  
       commercial offers together, but in two separate sealed envelopes. The validity of  
       commercial offers would be at least 18 months from the date of submitting of offers.

   (b) The technical offers would be evaluated by a Technical Evaluation Committee
(TEC) to check its compliance with RFP.

(c) The equipment of all TEC cleared vendors would be put through a trial evaluation in India on a 'No Cost No Commitment' basis. A staff evaluation would be carried out by SHQ to analyse the result of field evaluation and shortlist the equipment for introduction into service.

(d) Amongst the vendors cleared by GS evaluation, a Contract Negotiations Committee would decide the lowest cost bidder (L1) and conclude the appropriate contract.

(e) Vendor would be bound to provide product support for time period specified in the RFP, which includes spares and maintenance tools/jigs/fixtures for field and component level repairs.

(f) The vendor would be required to accept the general conditions of contract given in the Standard Contract Document at Chapter VII of DPP placed on www.mod.nic.in.

(a) **Offset (if applicable).** The vendor has to undertake offset contracts amounting to ___% of the value of commercial proposals (**Refer Appendix D to Chapter II**).

(j) **Integrity Pact (if applicable).** An integrity pact along with appropriate IPBG is a mandatory requirement in the instant case (**Refer Annexure I to Appendix M of Schedule I**).

(k) **Performance-cum-Warranty Bond.** Performance-cum-Warranty Bond both equal to 5% value of the contract is required to be submitted after signing of contract.

(l) **ToT (if applicable).** GOI is desirous of license production of equipment after acquiring ToT in the case.

**PART-II**

6. **Procedure for Response**

(a) Vendors must fill the form of response as given in Appendix B to Chapter II. Apart from filling details about company, details about the exact product meeting other generic technical specifications should also be carefully filled. Additional literature on the product can also be attached with the form.

(b) The filled form should be dispatched at under mentioned address (concerned Technical Manager):

____________________________________________________________________

Fax:
Email ID:

(c) Last date of acceptance of filled form is ______________ (to be decided by SHQ). The vendors short listed for issue of RFP would be intimated.

7. The Government of India invites responses to this request only from Original Equipment Manufacturers (OEM)/Authorised Vendors/Government Sponsored Export Agencies (applicable in the case of countries where domestic laws do not permit direct export by OEMs). The end user of the equipment is the Indian Armed Forces (name of user service).

8. This information is being issued with no financial commitment and the Ministry of Defence reserves the right to change or vary any part thereof at any stage. The Government of India also reserves the right to withdraw it should it be so necessary at any stage. The acquisition process would be carried out under the provisions of DPP.

****
REQUEST FOR INFORMATION: PROCEDURE FOR RESPONSE

Request for Information for ____________

1. The Indian Army is planning to procure ______________. With the view to identify probable vendors who can undertake the said project, OEMs/ Authorised Vendors are requested to forward information on the product which they can offer. The parameters/ broad specifications of the item are mentioned in the questionnaire attached as per Appendix B. In addition the vendors are required to furnish details as per Form for Annexure I (Indian vendors) to Appendix A.

2. Apart from the information as per the Appendices the vendors may also forward technical details/product brochures/literature etc pertaining to the item in question.

3. The required information/ details may please be forwarded at the following address by ____________:

(a) User Directorate (Furnish postal address, telephone No, Fax No and Email ID)
(b) Procurement Directorate (Furnish postal address, telephone No, Fax No and Email ID)
(c) Planning Directorate (Furnish postal address, telephone No, Fax No and Email ID)
(d) Technical Manager (Furnish postal address, telephone No, Fax No and Email ID)
VENDOR INFORMATION PROFORMA

1. **Name of the Vendor/Company/Firm.**

(Company profile including Share Holding pattern, in brief, to be attached)

2. **Type (Tick the relevant category).**
   - Original Equipment Manufacturer (OEM)  Yes/No
   - Authorised Vendor of foreign Firm  Yes/No (attach details, if yes)
   - Others (give specific details)

3. **Contact Details.**

   **Postal Address:**

   City: ___________________________  State: ___________________________
   Pin Code: ______________________  Tele: ____________________________
   Fax: ___________________________  URL/Web Site: _____________________
   Email: ________________________

4. **Local Branch/Liaison Office/Agent (if any).**

   Name & Address: _____________________________________________________
   Pin code: ________________  Tel: ________________  Fax: ________________
   Email: ____________________
5. **Financial Details.** Category of Industry (Large/Medium/Small Scale):______________

6. **Certification by Quality Assurance Organisation.**

<table>
<thead>
<tr>
<th>Name of Agency</th>
<th>Certification</th>
<th>Applicable from (Date &amp; Year)</th>
<th>Valid till (Date &amp; Year)</th>
</tr>
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</table>

7. **Details of Registration.**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Registration No.</th>
<th>Validity (Date)</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>GeM</td>
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<tr>
<td>DGQA/DGAQA/DGNAI</td>
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<td>OFB</td>
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<tr>
<td>DRDO</td>
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<tr>
<td>Any other Government Agency</td>
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8. **Membership of FICCI/ASSOCHAM/CII or other Industrial Associations.**

<table>
<thead>
<tr>
<th>Name of Organisation</th>
<th>Membership Number</th>
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</table>

9. **Equipment/Product Profile (to be submitted for each product separately)**

(a) Name of Product:____________________________________

(IDDM Capability be indicated against the product)
(Should be given category wise for e.g. all products under night vision devices to be mentioned together)

(b) Description (attach technical literature):____________________

(c) Whether OEM or Integrator:_______________________________

(d) Name and address of Foreign collaborator (if any):________

(e) Industrial Licence Number:_____________________________

(f) Indigenous component of the product (in percentage):________
(g) Status (in service/design & development stage):

(h) Production capacity per annum:

(j) Countries/agencies where equipment supplied earlier (give details of quantity supplied):


(k) Estimated price of the equipment

10. Alternatives for meeting the objectives of the equipment set forth in the RFI.

11. Any other relevant information:

12. **Declaration.** It is certified that the above information is true and any changes will be intimated at the earliest.

**Note:** Para 44 and Appendix F to Chapter II may be referred.

(Authorised Signatory)
Annexure III to Appendix
(Refers to ............)

REQUEST FOR INFORMATION: QUESTIONNAIRE

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Specifications/ Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Details desired from the Vendor w.r.t technical, performance, maintenance, environmental and other characteristics may be obtained in form of a questionnaire)</td>
<td>Reply</td>
</tr>
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</table>


**Appendix C to Chapter II**  
(Refers to Para 16 of Chapter II)

**STATEMENT OF CASE TO BE CONSIDERED BY SPB/DPB/DAC FOR CATEGORISATION AND ACCORD OF AON**

<table>
<thead>
<tr>
<th>NAME OF PROPOSAL</th>
<th>-</th>
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<tbody>
<tr>
<td>SERVICE</td>
<td>-</td>
</tr>
<tr>
<td>CATEGORISATION STATUS</td>
<td>-</td>
</tr>
<tr>
<td>REFERENCE NO ALLOCATED</td>
<td>-</td>
</tr>
</tbody>
</table>

(To be entered by concerned Secretariat)

(a) SPB -
(b) DPB -
(c) DAC -
BRIEF OF PROPOSAL

1. **Introduction**

2. **Proposal** (Generic in nature and desired capability indicators)
   
   (a) Mission Needs.
   
   (b) How Mission Currently Undertaken.
   
   (c) Deficiency in Capability Observed which Needs Rectification.
   
   (d) Whether Changes in Doctrine/Tactics Cannot Overcome the Void without a Material Solution?
   
   (e) Material Solution Proposed with Time Frame and Linkage to LTIPP.

   (i) What is the capability being sought to be inducted?

   (ii) What additional capability is being generated? How does this mesh with the long term capability requirements?

   (iii) Is there any other associated induction required subsequently to make the equipment operational?

   (iv) Which equipment is being phased out/replaced? What will be the life cycle of the new equipment?

3. **Detailed Justification** (The following aspects to be included, where applicable):

   (a) Details of Equipment/Proposal.

   (b) Operational Role and Necessity.

   (c) Quantity Required (Quantity vetting to be completed prior to SCAPCHC meeting).

     (i) How have the quantities required been worked out? What are the details of quantities required for operational units, training and WWR? What are the details on the scaling of the item?

     (ii) In case of phased induction of equipment, what are the exact quantities sought during various plan periods/stages?

   (d) Whether Technology is state-of-the-art and ToT considered?

     (i) In cases where ToT is being sought, which is the PA identified by
DDP/Foreign Vendors for the same? What are its capabilities of absorption of ToT manufacture as per requirements? Does it meet the eligibility as spelt out by DDP (Refer Para 20 of Chapter II)?

(ii) Inputs from SHQ, if any, for selection of PA.

(e) Whether Item is scaled/not scaled. If scaled, quote Authority.

(f) **Maintenance Aspects.**

(i) How is the Engineering/Maintenance support catered for the full life cycle of the equipment?

(ii) Is a ToT proposed for providing Maintenance Infrastructure to an Indian firm? If so, are Indian entities identified based on inputs from DDP?

(iii) How are the D Level repairs planned to be carried out? OEM/Vendor or Indian partner or Services Maintenance Agency.

(g) **Details of GSQR/JSQR**  (Copy of approved GSQR/JSQR/PSQR to be appended)

(i) In all cases essential capability and corresponding minimum verifiable functional characteristics (Essential Parameters ‘A’) in a tabulated form be provided. In cases where Essential Parameters ‘B’ are sought, the quantity of equipment required with these parameters must be clearly spelt out (with due justification for same). In cases where Enhanced Performance Parameters are sought, these must be clearly stated along with the recommended weightage/credit scores for each duty justified.

(ii) For all repeat order cases of equipment already inducted into service, are there any changes in SQR, modifications of minor nature or upgrades of assemblies/sub-assemblies involved? Would this need a Commercial RFP with validation of modifications/upgrades, or issuing of a fresh techno commercial RFP of a multi vendor basis?

(ii) In all cases details of essential verifiable functional characteristics vis-à-vis technical parameter of the equipment available in the world market, in as much details as possible in a tabulated form be provided.

(iv) In cases where earlier approved GSQRs have necessitated amendment and revalidation of AoN, detailed justification for each of such amendments be provided in a tabular format.

(h) Whether Proposal is for Replacement/Upgrade/New Induction making up WWR Deficiency?
(j) **Trials.** In cases where trials are not envisaged, are envisaged outside India, or through simulation, what is the exact scope for the same? In case SHQ is planning for trials under Para 61 of Chapter II, details may be spelt out.

(k) **Time Schedule for induction.** (To give full details of induction/delivery schedules).

(l) **Commonality and Interoperability Aspects with other Services.**

(m) **Manpower.** What is the effect of the induction on manpower requirements? How would the surplus/deficiencies be adjusted?

(n) **Turnkey Projects.** For all major Turnkey Projects, has a Detailed Project Report been prepared/attached by SHQ laying down detailed scope of work involved, bill of material, cost estimates and time frames for project completion?

(o) **Design & Development Projects.** Has consultation with DRDO/DPSUs/OFB been undertaken for Design and Development case? Has MoQ and timelines upto successful completion of trials been defined?

(p) **Single Vendor.** In case of a Single Vendor Clearance, which is the vendor and what is the detailed justification for the single vendor option (Para 101 of Chapter II)?

(q) **Timeline for Procurement.** Are there likely to be deviations to the timelines given at Appendix H to Chapter II of DPP? If so, deviations and week-wise targets to be proposed by SHQ with justification (Format of proposed timeline is given at Annexure I and flow chart for proposed Capital Acquisition is given at Annexure II to this Appendix).

(r) **Option Clause.** In case Option Clause needs to be included, justification for the same be provided.

(s) **Information regarding Procurement that needs to be placed on MoD website/Central Procurement Portal.**

4. **Financial Aspects.**

(a) To include cost of proposal (including all taxes and duties) and recurring expenditure, if any; the basis of cost estimation and the Base year for which the cost is indicated. The SoC should clearly bring out the future requirements with timeline details to decide whether ‘Option Clause’ will be economically viable or not.

(b) Recommendation on method for determining L-1 vendor (wherever applicable).

5. **Annual Acquisition Plan/Budgetary Provisions.**

(a) Whether the proposal is included in the AAP (include AAP Ser No).
(b) Availability of necessary budgetary provision for the current year cash outgo.

(c) In case the project involves cash outgo over one year, confirmation regarding inclusion of budgetary requirements for future years in the five year plan period to be given.

6. Recommended Mode/Source of Acquisition.

(a) Buy (Indian-IDDM), Buy (Indian), Buy & Make (Indian), Buy & Make, Buy (Global), ‘Make’ with justification. (Appendix A to Chapter II may be referred for analysis of Defining Attributes and Decision Flow Charts). Justification for not selecting each of the higher categories may be given.

(b) Has the time required for the procurement and delivery from foreign source vis a vis the time required for making it within India along with urgency and criticality of requirement been examined?

(c) Justification for Procurement from a Single Vendor (If applicable).

(d) In case SHQ proposes higher or lower indigenous content, a detailed justification may be given.

7. Comments of HQ IDS. (The issues of commonality and interoperability will be duly commented upon).

8. Comments of HQ DRDO.

(a) (To develop and productionise items and certify lack of capability to meet the needs if above not feasible).

(b) Offset Clause (Proposals for ₹ 2000 Crores & above). (Recommendation as to the offset amount/percentage or any other comment).

9. Comments of DDP.

(a) (To specify capability to manufacture and supply, provide product support, time frame and approximate costs jointly with the R&D and the resources available to the industry. Also certify if such capability does not exist).

(b) Offset Clause (Proposals for ₹ 2000 Crores & above) (Recommendation as to the offset amount/percentage or any other comment).

10. Comments of QA Agency.

11. Comments of Acqn Wing

(To recommend the quantities to be procured along with other comments)
13. **Comments of MoD (Finance)**

(Quantity vetting would be approved by Finance Managers/PIFA/IFA(Capital), as applicable.
(Refer Para 16 of Chapter II of DPP)

14. **Final Comments of SHQ Based on inputs of DRDO, DDP, Acqn Wg and MoD (Finance)**

15. **Draft RFP.** Draft RFP should accompany the SoC for accord of AoN. (Refer Para 16 of Chapter II of DPP).

16. **Details of Approvals Sought.**

(a) AoN.

(b) Categorisation to include variation in IC, if any.

(c) **Quantity.**

   (i) Buy quantities to be given out as FF, SKD and CKD as applicable.

   (ii) Details of Indent to be placed for Make quantities after absorption of ToT.

(d) Estimated cost (including all taxes and duties). In case of Make cases, cost to be split into Prototype Development Phase and Procurement Phase.

(e) Essential Parameters B (if applicable).

(f) Weightage/Credit Scores of EPP (if applicable).

(g) ToT including details of PA.

(h) MToT including details of PA.

(i) Trials (Waiver/Vendor Premises/Trials under Para 61 of Chapter II etc).

(j) Timelines for Trials for Essential Parameters B (if applicable).

(k) Offsets.

(l) Option Clause.

(m) AMC Service.

(n) Any other aspect that require specific approval, including Open Tendering.

Sd/- xx
Note: Col/Equivalent may sign the SoC provided Noting sheet number with date of approval of Head of User/Plans/Directorate/Equivalent is quoted.

Details to be Mentioned by Concerned Secretariat


15. Decision of DAC/DPB and Reference No allotted.

17. Recommendation for Offset Clause Implementation (if applicable).

****
VENDOR INFORMATION PROFORMA

1. **Name of the Vendor/Company/Firm.**

(Company profile including Share Holding pattern, in brief, to be attached)

2. **Type (Tick the relevant category).**

| Original Equipment Manufacturer (OEM) | Yes/No |
| Authorised Vendor of foreign Firm | Yes/No (attach details, if yes) |
| Others (give specific details) |

3. **Contact Details.**

**Postal Address:**

City: ________________ State: ________________

Pin Code: ________________ Tele: ________________

Fax: ________________ URL/Web Site: ________________

Email: ________________

4. **Local Branch/Liaison Office/Agent (if any).**

Name & Address: ________________________________

Pin code: ________________ Tel: ________________ Fax: ________________

Email: ________________
5. **Financial Details.** Category of Industry (Large/Medium/Small Scale):

6. **Certification by Quality Assurance Organisation.**

<table>
<thead>
<tr>
<th>Name of Agency</th>
<th>Certification</th>
<th>Applicable from (Date &amp; Year)</th>
<th>Valid till (Date &amp; Year)</th>
</tr>
</thead>
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</tbody>
</table>

7. **Details of Registration.**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Registration No.</th>
<th>Validity (Date)</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>GeM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DGQA/DGAQA/DGNAI</td>
<td></td>
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<tr>
<td>OFB</td>
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<tr>
<td>DRDO</td>
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<tr>
<td>Any other Government Agency</td>
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</tbody>
</table>

8. **Membership of FICCI/ASSOCHAM/CII or other Industrial Associations.**

<table>
<thead>
<tr>
<th>Name of Organisation</th>
<th>Membership Number</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>

9. **Equipment/Product Profile (to be submitted for each product separately)**

   (a) Name of Product: ____________________________

   (IDDM Capability be indicated against the product)

   (Should be given category wise for e.g. all products under night vision devices to be mentioned together)

   (b) Description (attach technical literature): ____________________________

   (c) Whether OEM or Integrator: ____________________________

   (d) Name and address of Foreign collaborator (if any): ____________________________

   (e) Industrial Licence Number: ____________________________

   (f) Indigenous component of the product (in percentage): ____________________________
(g) Status (in service/design & development stage):

(h) Production capacity per annum:

(j) Countries/agencies where equipment supplied earlier (give details of quantity supplied):


(k) Estimated price of the equipment

10. Alternatives for meeting the objectives of the equipment set forth in the RFI.

11. Any other relevant information:

12. **Declaration.** It is certified that the above information is true and any changes will be intimated at the earliest.

*Note: Para 44 and Appendix F to Chapter II may be referred.*

*(Authorised Signatory)*
CHAPTER III

PROCEDURE FOR PROCUREMENT UNDER ‘MAKE’ AND ‘INNOVATION’ CATEGORIES

Background

1. Self-reliance in defence manufacturing continues to be an important pillar of India’s strategic autonomy. In line with the Government’s ‘Make in India’ programme, several initiatives have been taken in the recent years to build a robust defence industrial ecosystem capable of meeting existing and future requirements of the Armed Forces. The emerging dynamism of the Indian industry needs to be gainfully utilised to build domestic capabilities for designing, developing and manufacturing state of the art defence equipment.

2. R&D and innovation remain important cornerstones of India’s defence production strategy. With the launch of ‘Start-Up India’ programme, India has become the hotspot of start-up activity in the world, having the third-largest start-up ecosystem globally. These strengths need to be leveraged to catapult India to next level of frontier defence technologies, both for domestic use as also to foster exports.

3. The indigenous ‘Make’, and ‘Innovation’ Categories outlined in this Chapter attempt to further build on these initiatives and provide a focussed, structured and significant thrust to development of defence design and production capabilities in the country. Projects under ‘Make’ or ‘Innovation’ category, except ‘Make III’ will essentially pertain to products involving indigenous design, development and manufacturing. To enable Indian industry to leap frog to higher or complex technology, cases where Indian companies either hold the IPR, including where it has been acquired from the foreign companies, or have the ownership of the design of the main system/equipment, will be deemed to be indigenously designed and developed. In such cases, the companies will have to furnish undertaking as detailed at Appendix ‘A’ to Chapter I.

4. Projects pursued under the category of Technology Development Fund (TDF) Scheme of DRDO will be progressed for acquisition under innovation Category. Procedure pertaining to TDF Schemes is enclosed as Appendix ‘A’ to this Chapter.

5. The Chapter is divided in two sections; Section I pertains to indigenous ‘Make’ Categories, whereas, Section II refers to categories nurturing indigenous Innovation.

Section I – ‘Make’ Categories

6. The ‘Make’ Categories aim to achieve the objective of self-reliance by involving greater participation of Indian industrial eco-system including private sector through the following procedures:

(a) Make-I (Government Funded). Projects involving design and development of equipment, systems, major platforms or upgrades thereof by the industry. For Projects under Make-I sub-category, MoD will provide fund support maximum upto 70% of the prototype
development cost, based on viability gap funding method. Funding would be released in a phased manner based on the progress of the scheme, as per terms agreed between MoD and the Development Agency(ies). The final percentage of funding to be provided would vary from case to case and would be dependent upon the fund support sought by the selected Development Agencies (DAs) for development of prototype.

(b) **Make-II (Industry Funded)** Projects under Make-II category will include prototype development of equipment/system/platform or their upgrades or their sub-systems/sub-assembly/assemblies/components/materials/ammunition/software, primarily for import substitution/innovative solutions by the Private industry, for which no Government funding will be provided. In Make-II cases, where innovative solutions have been offered even by a single individual or a firm, the cases would be progressed as a Resultant Single Vendor.

(c) **Make-III (Indigenously Manufactured (IM))**. These would encompass sub-systems/sub-assembly/assemblies/components/materials/ammunition, etc, which although not designed/developed indigenously, but are being manufactured in India as import substitution for product support of weapon systems/equipment held in the inventory of the Services. Indian firms may manufacture these either in collaboration or with ToT from foreign OEMs.

7. Only Indian entity as per Par 16 of Chapter I, are eligible for participation under Make-I. In case of Make-III (IM), an Indian vendor can enter into a JV with OEM, however the management of the Company should be in Indian hands, with Indian citizens in majority on the board of directors.

8. Successful development under these schemes would result in acquisition, from successful Development Agency(ies) (DA/DAs), through the ‘Buy (Indian-IDDM)’ category with indigenous design and development and a minimum of 50% IC. Schemes under Make III (IM) will be procured under the Buy ‘Indian’ route with a minimum IC of 60%.

**Innovation & Indigenisation Organisation (IIO)**

9. To provide impetus to indigenisation, each SHQ shall establish an Innovation & Indigenisation Organisation. The mandate of IIO will be mandated as follows:-

   (a) Be responsible for spearheading Innovation & indigenisation.
   (b) Identify projects for Indigenous Design and Development including import substitutions.
   (c) Undertake advance planning and consultations with stakeholders.
   (d) Facilitate conduct of Feasibility Study.
   (e) Monitor formulation of Preliminary Services Qualitative Requirements (PSQRs) in consultation with potential Development Agencies.
   (f) Facilitate fielding of SoC for Categorisation and accord of Acceptance of Necessity (AoN).
(g) Assign responsibilities and hold task owners accountable for delivery.

(h) Closely monitor and ensure periodic update on all ‘Make’ projects to AoN according authority by respective Project Facilitation Teams.

(j) Employ project/programme implementation experts, as also latest execution/monitoring techniques and software to ensure timely development and implementation.

10. The acquisition process under the Categories mentioned at Para 6 above would involve the following common procedural activities, elucidated in succeeding paragraphs:

(a) Advance Planning and Consultations.

(b) Feasibility Study.

(c) Preliminary Services Qualitative Requirements (PSQRs).

(d) Categorisation and accord of Acceptance of Necessity (AoN).

(e) Constitution of PFT.

Advance Planning and Consultations

11. Identification of Projects. SHQs, will identify the potential projects to be undertaken under each of the categories listed at Para 7 above in consultation with industry. The list of such projects will be hosted on MoD/SHQ website and also shared with the industry. SHQs will also hold extensive consultations with the stakeholders. Industry can also forward Suo-moto proposals under Make-II, Make-III, as well as ‘Open Competition’ category. These proposals will be examined by SHQs in a time-bound manner, preferably within two months and would be brought to Collegiate Committee headed by Secretary (DP), before accepting/rejecting the proposal.

12. Annual Acquisition Plan (AAP). Proposals under the ‘Make-II’, ‘Make-III’ and ‘Innovation’ categories with total prototype cost less than 100 crores will deem to be automatically included in AAP, after accord of AoN.


13.1. Potential projects identified under the ‘Make’ categories by SHQ, shall be deliberated and 'Approved-in-Principle' by a Collegiate Committee headed by Secretary (DP) with members from SHQ, Acqn Wing, DDP, DRDO, MoD (Fin) (for non-delegated cases) and IFA (for delegated cases). To widen the research base and encourage private industry participation, Projects where private sector has the ability to develop and manufacture, or has evinced interest in participating through the Innovation categories (iDEX/‘Competition Route’) or the Make-II route (including suo-moto proposals), shall preferably be assigned for Private Industry. Projects once identified and approved under ‘Make’ categories shall not be retracted due to technology being developed by DRDO/DPSU/OFB. Where applicable, public sector organisations may endeavour to tie-up with industry to participate in such projects within established timelines. During the process of AIP, HQ IDS shall examine
interoperability and wherever required convert the proposal into a joint proposal, and establish the lead service.

13.2. **Dissemination and Consultations with Industry.** Once AIP has been accorded, list of potential projects along with project briefs, questionnaire for industry, Contact Point details shall be uploaded on MoD and SHQ websites to seek Industry participation. Details would also be shared with Industry through the IBO-DPSU meetings conducted by HQ IDS. SHQs may also provide timely feedback to industry on Suo-moto proposals, which are either not accorded AIP or not accepted for further pursuance.

**Note - Incentives for MSMEs.**

(i) Projects under the Make-I sub-category, with estimated cost of prototype development phase not exceeding ₹10 Crores and cost of subsequent procurement not exceeding Rs 50 Cr/year based on delivery schedule at the time of seeking AoN will be earmarked for MSMEs. However, if at-least two MSMEs do not express interest for a Make-I programme earmarked for them, the same shall be opened up for all, under the condition that interested MSME(s), if any at that stage and meeting the eligibility criteria, will get preference over Non- MSMEs in selection of DAs.

(ii) Projects under the Make-II/Make-III sub-category, with estimated cost of prototype development phase not exceeding Rs 3 Crore and cost of subsequent procurement not exceeding Rs 50 Cr/year based on delivery schedule at the time of seeking AoN, will be earmarked for MSMEs. If no MSME expresses interest for these ‘Make-II/Make-III’ programme earmarked for them, the same may be opened up for all.

**Feasibility Studies**

14. For ‘Make’ projects, SHQ shall carry out the Feasibility study with the involvement of other stakeholders such as CEMILAC (for airborne equipment) and MoD (Finance)/IFA as applicable. Industry associations including MSME associations would also be consulted. SHQ may engage consultants/experts to assist in preparation of feasibility study report. Funding requirements for such experts shall be borne by SHQ.

15. The Feasibility Study shall look into the following aspects:-

(a) A preliminary assessment of enabling technologies to realise the requisite equipment/system/platform/components or their upgrades.

(b) A preliminary assessment of capability of Indian industry to undertake design and development of the requisite equipment/system/platform or their upgrades, and to list out probable vendors.

(c) A preliminary assessment to ascertain the ‘Make’ category under which the case shall be processed.
(d) Estimated time period for development.

(e) Estimated cost of prototype development and for subsequent procurement under ‘Buy (Indian-IDDM)’ category.

(f) In case of Make-I sub-category, feasibility study shall also recommend number of DAs to be selected. (As Make-I entails Govt funding for prototype development, Feasibility Study will generally recommend not more than two DAs, however in exceptional case, with due justification, it can recommend three DAs for approval of DAC).

(g) ‘Foreclosure’ criteria (only for Make-I cases).

(h) Any other aspect considered important.

16. All stakeholders shall endeavour to complete Feasibility Study within three months from date of commencement for Make-II/Make-III Projects, and six months for Make-I cases. Studies not completed within the stipulated period are to be brought to the notice of authorities according AIP, with reasons for delay.

**Preliminary Services Qualitative Requirements (PSQRs)**

17. SHQs in consultation with other stakeholders would formulate the PSQRs, specifying essential and desirable parameters.

**Categorisation and Accord of AoN**

18. SHQs will prepare SoC and take AoN as per procedure outlined in Chapter II.

19. In case of ‘Make-I’ category (Govt Funded), if three DAs, instead of two are to be selected for the project, approval of DAC will be required. However, in case more than two vendors opt to fund the entire prototype development cost through their own resources, all such Vendors would be allowed to partake in the prototype development, as DAs. Such cases may either be migrated under ‘Make-II’ or processed under Make-I, with nil financial implications towards prototype development. In such cases, no additional approval of DAC will be required.

20. The SoC will also highlight the following:-

(a) Recommended level of Indigenous Content (higher than the minimum prescribed for ‘Buy (Indian-IDDM)’ category), if applicable.

(b) The design and development of the system is indigenous.

(c) Minimum Order Quantity (MOQ) which will be procured, post the successful development of prototype. In case, SHQs have opted for two-stage PSQRs, SoC shall separately list out MOQ for each stage.

(d) For Make-II, Quantities in 'Buy (Indian-IDDM)' phase preferably covering requirements of five years.
(e) Envisaged ‘Development Timeline’ for prototype.

(f) Estimated development cost of prototype.

(g) Estimated production cost of orders under Buy (Indian-IDDM) category.

(h) List of likely DAs (in case of Make-I projects only).

(i) Tentative time frame of procurement (for Make-I category only).

(j) Acceptability of multiple technical solutions and division of ordered quantity among successful DAs, where applicable.

21. **‘Foreclosure Criteria’**. To ensure that development timelines do not inordinately deny the Services of critical capability, the SoC would also include mutually agreed ‘Foreclosure Criteria’ {provision for Service to seek foreclosure of the project in case the project does not progress in accordance with predicted developmental timelines, or if the equipment under development is overtaken by emergence of better technology(ies), etc}. Foreclosure clause would be exercised only with the approval of AoN according authority.

22. The cost of prototype development and the final procurement of developed product would be indicated separately in the SoC. For Make–I category, the AoN will be sought based on the combined estimated cost of prototype development and the cost of subsequent procurement under ‘Buy (Indian-IDDM)’ category. While for Make–II and Make–III categories, the AoN will be sought only for the cost of final procurement under ‘Buy (Indian-IDDM)’ category. In these cases, the cost of prototype development although indicated in the AoN, would be funded by the Development Agency(ies)/Industry.

23. **Multiple Technological/Source Solutions**. Cases involving large quantities, and where multiple technological/source solutions are acceptable, SHQ may seek approval of AoN granting authority for dividing specified quantities (in the appropriate ratio) between two vendors with lowest bids (referred to as L1 & L2), who have successfully developed the prototype/product, on the condition that the second (L2) vendor accepts the price and terms & conditions quoted by the L1 vendor. In case L2 vendor refuses to meet the price or the terms and conditions of L1 vendor, either the L3 vendor could be offered the same option to match L1 price and Terms/conditions, or the entire order could be placed on L1 vendor. This provision would need to be included in the SoC seeking AoN, and if approved, in the EoI/RFP, as applicable.

24. **Procedure for Accord of AoN - Low Value ‘Make-II’ Projects**. ‘Low Value Projects’ for import substitution under Make-II procedure will follow a different procedure, as elucidated below:-

   (a) Proposals meeting the following criteria will be considered as ‘Low Value Projects’ under Make-II procedure:-

   (i) Technical specifications of the equipment/item and Last Purchase price (LPP) are known.
(ii) The estimated cost of prototype development phase does not exceed Rs 3 Crores and cost of subsequent procurement does not exceed Rs 50 Cr/year based on delivery schedule at the time of seeking AoN.

(b) After accord of AIP, SHQ will prepare detailed Questionnaire within two weeks and upload the same on the MoD website, seeking necessary inputs required for preparing feasibility study report within a period of four weeks. Feasibility report will be completed within two weeks from last date of submission of detailed response to Questionnaire. Feasibility report finalized by Project Facilitation Team (PFT) will be construed as concurrence by all stakeholders. PFT will prepare the SoC based on Feasibility report and field the proposal directly to relevant AoN according authority, without circulating the SoC as otherwise required as per Chapter II of DPP.

Validity of AoN

25. In case of ‘Make-I’ category, the AoN will be valid for one year from the date of accord of AoN, whereas for Make-II/III categories, the AoN will be valid for and six months from the date of accord of AoN. In case where EoI is not issued within the stipulated period, SHQ would have to move a case for revalidation of AoN with due justification. For cases where the original EoI has been issued within the stipulated period and later retracted for any reason, the AoN would continue to remain valid, as long as the original decision and categorisation (sub-category) remain unchanged and the subsequent EoI is issued within six months from the date of retraction of original EoI.

Project Facilitation Team (PFT)

26. SHQ will constitute a PFT under a two-star/one-star officer. PFT will consist of representatives from SHQ, DGQA/DGAQA/DGNAI, MoD(Finance)/IFA as required and other experts if considered necessary. PFT is to act as the primary interface between the SHQ and the industry during the design and development stage.

27. For Make-I projects which are more complex in nature, PFT may also include a trained programme/project manager. SHQ may also engage certified programme/project management experts from public/private sector if considered necessary. Funding for the same shall be borne by SHQ.

28. The PFT shall be inter-alia responsible for the following functions: -

(a) Preparation of Project Definition Document (PDD) – (Only for Make-I).

(b) Preparing EoI and obtaining approval thereof from the PSO concerned at SHQ and issue of EoI.

(c) Analysis of EoI responses for shortlisting DAs (Indian companies/organisations) for preparation of DPRs.

(d) Issue of RFP for preparation of DPR and solicitation of commercial offers – (Only for Make-I).
(e) Evaluation of DPRs and shortlisting of DAs with regard to technical/other aspects as well as ability to deliver the project requirements – (Only for Make-I).

(f) Assist in selection of two/three DAs (as applicable, from the shortlisted panel, based on commercial offers – (Only for Make-I).

(g) Obtain CFA approval through DDP for Make I cases, as per financial powers detailed in Appendix B to this Chapter.

(h) Preparation of draft Project Sanction Order, obtaining requisite approvals and issue of Project Sanction Order.

(j) Assist/handhold DAs by providing clarifications related to functional or operational aspects of the equipment under development, as may be sought by the DAs from time to time, during the design and development of prototype.

(k) Finalization of trial methodology.

(l) Provision of trial range/test facilities/consumables, etc., as mentioned in the EoI.

(m) Conversion of PSQRs to SQRs, prior to commencement of Users trials.

(n) Solicitation of Commercial Offer in consultation with SHQ.

(o) Coordinating user trials with the SHQs, based on the trial methodology. SHQ will formulate the Trial Directive and constitute the Trial Team. The Trial Directive must specify the fundamental points that need to be addressed for validating the 'essential' parameters.

(p) Periodically assess the continual relevance of the project vis-à-vis contemporary technology, cost and time overruns, or any other relevant factor, and introduce timely correctives, as well as recommend invoking of the ‘Foreclosure Clause’, to AoN according authority, if considered necessary – (Only for Make-I).

(q) Any other responsibilities as may be entrusted by the AoN according authority/DPrB/PSO at SHQ.

29. **Progress Monitoring.** The progress of the ‘Make’ phase would be monitored by the PFT under overall guidance of respective Innovation & Indigenisation Organisation as defined in EoI responses. The Government may engage services of independent consultants/experts for assessing the physical and/or financial progress of the Make project. PFT, through respective 'Innovation & Indigenisation Organisation’ will also periodically apprise the progress of the project to PSO concerned at SHQ or to DPrB through PSO concerned at SHQ, as the case may be.

**Follow-on Procedures**

30. Post accord of AoN, the ‘Follow-on’ procedures, would vary for each category, and are therefore highlighted separately in succeeding paragraphs.

‘Make-I’ Category
31. Under ‘Make-I’ category, post accord of AoN, the development & procurement process would involve the following functions: -

(a) Expression of Interest (EoI).
(b) Shortlisting of Development Agency (ies) (DAs).
(c) Accord of AoN
(d) Detailed Project Report (DPR)
(e) Solicitation of limited commercial offer for Prototype costing.
(f) Selection of Development Agency (ies) (DAs).
(g) Approval of CFA as per Appendix ‘B’ for Funding Arrangements, where applicable.
(j) Issue of Project Sanction Order (PSO).
(k) Design and Development of Prototype (expected phases/progression outlined at Appendix ‘C’).
(l) Solicitation of Commercial Offers.
(m) User Trials by SHQ.
(n) Staff Evaluation.
(o) Commercial negotiations by Contract Negotiation Committee CNC).
(p) Award of Contract.

32. Project Definition Document and Expression of Interest.

(a) The PFT will prepare a Project Definition Document (PDD) in consultation with stakeholders as per the sample format given at Appendix D to this Chapter. The PDD shall be approved by PSO concerned at the SHQ and shall serve as the principal guidance document for preparation of DPR.

(b) PFT will shortlist Indian vendors for issue of EoI based on the Feasibility Study. In addition, it will also host the AIP details on the MoD/SHQ website. Any vendor evincing interest in participating in the said project within a period of four weeks from the date of hosting the proposal, will also be issued with the EoI.

(c) The EoI shall be approved by the PSO concerned at SHQ and may contain information as per sample format at Appendix E to this Chapter.

(d) Indian vendors who are issued an EoI, shall have the choice to respond either in their individual capacity as EoI recipients, or as an AoP (i.e. consortium) of Indian companies/organisations, through an AoP Agreement led by an EoI recipient.

(e) SHQs may, if required, engage Standing Consultancy firms to provide assistance in preparation of EoI, RFP for DPR, industry outreach programmes and evaluation of EoI etc. Expenses for engaging Standing Consultancy firm will be borne by SHQ.
33. **Shortlisting of Development Agency(ies) (DAs)**

(a) The PFT would undertake an assessment of EoI responses based on approved criteria and forward list of Indian vendors or consortium, who are found capable of undertaking design and development of the equipment to PSO concerned at SHQ, for shortlisting of vendors as per AoN. Illustrative evaluation criteria are contained in sample format at Annexure I to Appendix E. Where required, PFT reps may also visit vendor’s premises.

(b) EoI response shall also be used to refine the Project Definition Document.

(c) As part of EoI response, the Indian vendors may also be asked to submit broad cost estimates. Based on the inputs received, SHQ may re-assess the AoN cost and if required, seek revision of the original AoN.

34. **Detailed Project Report (DPR)**

(a) The shortlisted vendors, shall then be required to submit a DPR, as per sample format at Appendix F, to PFT for their examination, along with commercial offers. In case of development by an AoP, RFP shall be issued to ‘Lead Partner’ who will submit an undertaking to supply the required quantities under Buy (Indian-IDDM) phase with life cycle support for the product.

(b) For this purpose, PSQRs and relevant extracts from the PDD will be shared by the PFT, with the short-listed DAs.

(c) The DPR will clearly include the list of trials/items/facilities/ consumables, which will be provided free of cost during trials. It will also specify the number of times free tests will be carried out. The liability against any collateral damages/third party, to the extent permitted under the Indian Insurance Act, occurring during the course of trials should be covered through insurance cover by the respective DA(s). The cost of such insurance cover may be included in the project under DPR.

(d) **Solicitation of limited Commercial Offer for Prototype Costing**.

Concurrent with submission of DPR, shortlisted vendors, shall also be required to submit their commercial offer for development of prototype(s). Solicitation of offer will be as per ‘Single Stage - Two Bid System’, and the commercial offer shall be submitted in a separate envelope. The commercial offer besides indicating the estimated cost of prototype development will also indicate amount (share) the vendor is seeking from the GoI for development of the prototype(s).

(e) On receipt of DPR and prior opening of commercial offers, the PFT will engage with the selected DA(s) for any clarifications/ modifications/ refinements/amendments to DPR, if considered necessary. In case of any material change to the DPR, DA(s) may be allowed to revise their commercial bids, if required.
(f) DA(s) may collaborate with academic and/or research institutions and/or foreign companies/foreign research and academic institutions having required technologies for the development of project. DA(s) would be required to disclose the details of such collaborations in DPR. PFT will submit the finalised DPR to Secretary (DP).

35. **Evaluation of DPRs and shortlisting of Development Agency(ies) (DAs).** The PFT in consultation with DDP will evaluate the DPR and shortlist the potential DAs, which meet the laid down criteria.

36. **Selection of Development Agency(ies) (DAs).**

   (a) Post evaluation of DPRs, the PFT will open the sealed commercial offers of the shortlisted vendors at a predetermined date and time under intimation to vendors, permitting such vendors or their authorised representatives to be present. The bids of the competing firms shall be read out to all members present and signed by all members of the PFT.

   (b) The PFT shall prepare a Comparative Statement of Tenders (CST). Generally two vendors seeking the lowest amount (share) from GOI for prototype development, will be declared as the lowest two bidders.

   (c) In case more than two vendors opt to fund the entire prototype development cost through their own resources, all such vendors would be allowed to partake in the prototype development, as DAs. In such situations, the case may be migrated under Make-II process keeping the AoN according authority informed. Cases which are migrated to Make-II, the follow-on process will start from issue of Project Sanction Order.

37. **Approval of Competent Financial Authority (CFA).** For cases being progressed under Make-I sub-category, the financial sanction for project development, taking the relevant prototype development costs into account, would be obtained by the DDP as per delegation of financial powers detailed in Appendix B to this Chapter. [DDP to check original approval]

38. **Funding.** Funds for development projects approved under this procedure shall be borne under the Account Head ‘Make Procedure-Prototype Development Account’ operated by respective SHQs.

39. **Funding for Projects under Make-I Sub-Category**

   (a) The prototype development cost to be borne by the MoD will be decided based on the final cost-share agreed to by the selected DA(s) in the Project Sanction Order in accordance with Appendix G.

   (b) For all projects where MoD is required to fund part of the prototype development cost, an advance of 20% of the agreed share of the prototype development cost, will be paid against a bank guarantee for the equivalent amount.

   (c) Balance payment will be paid on completion of the stipulated stages/milestones. On completion of every stage against the milestones detailed in the DPR, DAs will submit claims for reimbursement to PFT. While submitting reimbursement claims, the Chief Executive
Officer/a suitable nominee along with an authorised auditor/licensed Chartered Accountant will certify the incurred expenditure linked to a particular development stage. Based on the recommendations of PFT, SHQ will reimburse the development cost within sixty days, which may extend up to another 30 days in exceptional cases. The advance will be adjusted proportionately in subsequent payments as per the payment terms prescribed in DPR and bank guarantees will be proportionately and automatically reduced until full extinction.

40. SHQs will generally procure the MOQ approved in the AoN, post successful completion of User Trials. However, in case for reasons beyond control of the SHQ, if no Commercial RFP for the equipment is issued within two years from the date of successful completion of prototype development, the DA(s) will be entitled for reimbursement of remaining cost of the prototype development cost. Where DAs had borne the entire cost of prototype development, the entire cost will be reimbursed within a period of twelve months. The same shall be written off with the approval of the Competent Authority.

41. **Time Overrun.** The approval of extension of timelines for any ‘Make-I’ project up to 25% of the timelines agreed upon in the approved DPR may be accorded by VCDS/VCOAS/VCNS/DCAS/DGI CG, based on the recommendations of Chairman Innovation & Indigenisation Organisation. For extension of time beyond 25%, the matter would be referred to DPrB.

42. **Solicitation of Commercial Offers.** Post development of prototype, the PSQRs will be converted to SQRs. Thereafter, a commercial Request for Proposal (RFP) for procurement of MOQ listed in the AoN under ‘Buy (Indian-IDDM)’ category, will be issued to all Development Agencies for submission of their commercial offer prior to commencement of User Trials. The RFP will be duly vetted by Acquisition Wing (for non-delegated cases)/concerned SHQ (for delegated cases), prior issue. The quantities in the ‘Buy (Indian-IDDM)’ phase cannot be reduced from the quantities indicated in AoN.

43. **User Trials.**

   (a) User trials would be carried out by the SHQ in close consultation with PFT to validate the performance of the system against the parameters/specifications approved after the development of prototype. SHQ will formulate the Trial Directive and constitute the Trial Team. The Trial Directive must specify the fundamental points that need to be addressed for validating the ‘essential’ parameters.

   (b) Although the SQRs of the equipment would be a part of the Trial Directives, only the essential parameters as detailed in the Trial directive will be tested. The validation of the support system and maintainability trials, would be held simultaneously, wherever feasible.

   (c) To reduce trial duration, development agencies shall strive to obtain requisite certification from NABL accredited labs for parameters where Certificate of Conformance (CoC) is acceptable (to be clarified in DPR).
At this stage, no changes should be suggested which require re-designing of the system/sub-system or technology upgrade. Such suggestions would only be considered and implemented in subsequent phases of development.

44. **Staff Evaluation.** Based on the User Trials, the SHQ would carry out a Staff Evaluation. The Staff Evaluation report will be accepted at the SHQs by the VCDS/VCOAS/VCNS/DCAS/DGIICG. Once the Staff Evaluation report is accepted and final instalment under prototype phase as per DPR has been released, no more funds would be released from ‘Make Procedure- Prototype Development Account’.

45. **Benchmarking by Benchmarking Committee.** On receipt of User Trial report at SHQ, concurrent benchmarking will be carried out by a Benchmarking Committee headed by the Advisor (Cost) and reps of concerned SHQ Directorates, as per guidelines issued by Principal Advisor (Cost) and as amended from time to time. This process will be automatically undertaken once SHQ informs Advisor (Cost) about receipt of DPR. The benchmarking cost will be kept in a sealed cover.

46. **Commercial Negotiations by Contract Negotiation Committee (CNC).** For vendors declared successful in Staff Evaluation, follow-on stages including CNC and signing of Contract will be progressed as per provisions of Chapter II of DPP.

47. **Access to Books of Accounts.** The DAs shall maintain separate books of accounts with an independent bank account, for the project sanctioned under Make-I sub-category of prototype development; MoD or its authorised representative(s) shall have unfettered rights to access these books of account of DAs.

48. Intellectual Property Rights (IPRs) in the ‘Make-I’ projects undertaken under provisions of this Chapter shall vest as described in **Appendix II**.

49. **Foreclosure.**

   (a) In case the project does not proceed according to the predetermined milestones and as agreed in the DPR and/or if there are undue time and cost overruns, or failure of the prototype(s) on staff evaluation or on account of any other reasons, the ‘Make-I’ project may be foreclosed in respect of the DA(s) concerned and proposal for foreclosure will be approved by the authority who had accorded AoN on the recommendation of PFT, through DPrB.

   (b) In such cases, the total expenditure made by the DA(s) on the prototype development till foreclosure would be assessed and if excess funds have been paid to the DA(s), the same shall be recovered; if the expenditure is in excess of the amount paid, the balance shall be paid to the DA(s). The total amount paid to the DA(s) shall be written off with the approval of the competent authority.

50. **Disposal of Tangible Assets Created in Make-I Projects**
(a) The ownership of all tangible assets and the developed prototypes under the Make-I category shall vest with the MoD. These may be passed on to the DA at depreciated value as per the extant guidelines of the Government of India.

(b) In case of foreclosed Make-I sub category of projects, the tangible assets thus created may be disposed of as per the extant Government guidelines. Expenditure incurred on intangible assets as defined in the relevant Indian Accounting Standards will be written off with the approval of Secretary (DP).

51. **Deviations.** Any deviation from the prescribed procedure will be put up to DAC through DPrB for approval.

52. Typical expected timelines for undertaking ‘Make-I’ Projects are contained in **Appendix J.** All the formats given as Appendices and Annexures to this chapter are illustrative and may be amended / modified, as per the requirements of projects under consideration.

53. Any development process under Make-I procedure of previous DPPs, may be carried out as per procedures of old case or may be migrated to this new ‘Make-I’ procedure, after due consultation with the selected DAs and if it is found to be in the interest of the project.

54. Any clarification or difficulty arising during execution shall be referred to Secretary (Defence Production), who would either take a final decision or refer the case to the DAC for final decision.

'Make-II' Category

55. After accord of AoN, the development & procurement process under Make-II sub-category would involve the following functions:-

(a) Issue of Expression of Interest (EoI).
(b) Evaluation of EoI responses.
(c) Award of Project Sanction Order.
(d) Design and Development of Prototype.
(e) Conversion of PSQRs into SQRs.
(f) Solicitation of Commercial Offer.
(g) User Trials by SHQ.
(h) Staff Evaluation.
(j) Commercial negotiations by Contract Negotiation Committee (CNC).
(k) Award of Contract.

56. Indian vendors as per criteria detailed in **Appendix K** to this chapter, will be eligible for participation for capital acquisition cases being progressed under 'Make-II' sub-category.
57. **Issue of EoI.** PFT shall publish 'EoI' on MoD/DDP Website inviting Company (ies) to participate into the 'Make-II' project. In addition, EoI shall also be issued to all companies which have shown interest to participate in the project during Feasibility Study. The EoI will contain the following:-

(a) PSQRs.
(b) Scope of the project including number of Prototypes required.
(c) Time frames and critical activities.
(d) Milestones.
(e) List of trials/items/facilities/consumables that will be provided free of cost and also specify 'number of times' such free trials will be allowed.
(f) Quantities in 'Buy (Indian-IDDM)' phase preferably covering requirements of five years.
(g) Acceptability of Multiple Technological Solutions, if available.
(h) Details of Evaluation Criteria for assessment of EOI.

58. **Evaluation of EoI Responses.** Responses to EoI shall be evaluated as per criteria given in EoI and shall be approved by VCDS/VCOAS/VCNS/DCAS/DG(ICG). All the shortlisted companies will be called Development Agencies (DAs). **Project shall be progressed ahead even if only one EoI respondent is found meeting the eligibility criteria.**

59. **Project Sanction Order.** PFT will obtain sanction for prototype development with 'Nil' financial implications from VCDS/VCOAS/VCNS/DCAS/DG(ICG) and issue a Project Sanction Order (PSO) to all the DAs. The quantities in the 'Buy (Indian-IDDM)' phase cannot be reduced from the quantities indicated once the PSO has been issued.

60. **Development of Prototype.** Post issuance of PSO, PFT will act as the primary interface between the SHQ and the industry during the design and development stage. After the prototype has been developed, the PFT would carry out user trial readiness review of the prototype before offering it for User Trials.

61. **Solicitation of Commercial Offers.** A commercial Request for Proposal (RFP) for 'Buy (Indian-IDDM) phase, duly vetted by Acquisition Wing (for non-delegated cases)/concerned SHQ (for delegated cases), will be issued to all Development Agencies for submission of their commercial offer prior to commencement of User trials.

62. **User Trial.** User trials would be carried out by the SHQ in close consultation with PFT and will be followed up by Staff Evaluation in accordance with Chapter II of DPP. At this stage no changes should be suggested, which require re-designing of the system/sub-system or technology upgrade. Such suggestions would only be considered and implemented in the subsequent/follow-on models, if required. The user may however recommend minor modifications with regard to ease of handling or maintainability.
63. **Commercial Negotiations by Contract Negotiation Committee (CNC).** The AoN cost will be calculated on the basis of last purchase price (where available) of the imported item being substituted. The CNC will carry out all processes from opening of commercial bids till conclusion of contract.

64. Negotiations in case of multivendor projects having procurement cost less than ₹150 crore shall be carried out only in special circumstances with reasons to be recorded. However, CNC will carry out negotiations for all single vendor cases, other than resultant single vendor, irrespective of value of the project. For products which are being developed under 'Make-II' as an import substitute and their prices are known, no benchmarking & no negotiation will be carried out, even in single vendor cases, if the offered price is lower than AoN cost by 20% or more. However, in such cases, the CNC will satisfy itself that the price of the selected offer is reasonable with respect to the AoN cost and consistent with the quality required.

65. After CNC, the procurement procedure would thereafter be same as for 'Buy (Indian- IDDM)' category from the successful DA/DAs, in accordance with Chapter-II of DPP.

66. **Intellectual Property Rights (IPRs).** DA shall retain title or ownership and all other rights in intellectual property generated during the development of project. However, the Government shall have ‘March-in rights’ under which the Government can require the contractor to grant, or may itself grant license for, inter alia, the following reasons:-

   (a) Where health and safety requirements so require the Government to act in public interest;
   (b) For National Security Reasons;
   (c) To meet requirements for public use not reasonably satisfied by the contractor;
   (d) For failure of the contractor to substantially manufacture the products embodying the subject invention in India; or
   (e) For failure of the contractor to comply with any of the requirements laid down under these guidelines.

67. **Foreclosure.** No Foreclosure of the Project will be done after issue of Project Sanction Order, other than for reasons of default/ non-adherence to Project Sanction Order by Vendors.

68. **Time Overrun.** Typical expected timelines for undertaking 'Make-II' Projects are contained in Appendix L. Based on the complexity of the equipment, AoN according authority may approve extended timelines at the time of according AoN”.

69. Approval of extension of timelines for any 'Make-II' project may be accorded by VCDS/VCOAS/VCNS/DCAS/DG(ICG), based on the recommendations of PFT. In case of only single vendor having offered the prototype within timelines stipulated in the Project Sanction Order, not more than two time extensions will be accorded to other vendors and thereafter the case is to be progressed as resultant Single Vendor Case (SVC).
70. **Deviations.** Any deviation from the prescribed procedure will be put up to DAC through DPrB for approval.

71. Any DA developing an item under 'Make-I' procedure, if desires, would be allowed to migrate to Make-II procedure, after due consultations and if it is found to be in the interest of the project and if no payment/reimbursement has been made to the DA against the development cost.

72. In case SHQ wishes to migrate a Make-II case for which AoNs have been granted under DPP 2016, to provisions under Chapter III of DPP 2020, approval of Secy DP will be taken on file.

73. Any clarification or difficulty arising during execution of prototype development phase, shall be referred to Secretary (Defence Production) who may refer it to DPrB, for final decision, if required.

**Make-III (Indigenously Manufactured (IM))**

74. These would encompass sub-systems/ sub-assembly/ assemblies/ components/ materials, ammunition, etc, which although not designed/developed indigenously, but are being manufactured in India as import substitution for product support of weapon systems/equipment held in the inventory of the Services.

75. Indian firms may manufacture these either in collaboration or with ToT from foreign OEMs. Whilst such cases would generally be pursued under the Revenue route, SHQs could choose to process the initial contract under the Capital acquisition route.

76. In such cases, the procedure to be followed after accord of AoN, will be akin to Make-II, and will include the following:-

   (a) Issue of Expression of Interest (EoI).
   (b) Evaluation of EoI responses.
   (c) Award of Project Sanction Order.
   (d) Design and Development of Prototype.
   (e) Conversion of PSQRs into SQRs.
   (f) Solicitation of Commercial Offer.
   (g) User Trials by SHQ.
   (h) Staff Evaluation.
   (j) Commercial negotiations by Contract Negotiation Committee (CNC).
   (k) Award of Contract.

77. Schemes under Make III (IM) will be procured under the Buy ‘Indian’ route with a minimum IC of 60%.
78. For products which are being developed as an import substitute and their prices are known, no benchmarking & no negotiation will be carried out, even in single vendor cases, if the offered price is lower than AoN cost by 20% or more. However, in such cases, the CNC will satisfy itself that the price of the selected offer is reasonable with respect to the AoN cost and consistent with the quality required.

SECTION II – INNOVATION

Introduction

79. In future, military advantage will depend significantly on the pace and outcomes of innovation. To achieve strategic edge, there is a need to transform the approach to innovation. The process of innovation may generate new concepts/IPs, with the potential to disrupt traditional capabilities by introducing new technologies for defence applications. Even small incremental innovations can collectively be as significant as technology breakthroughs.

80. Globally, Private Sector has taken the lead in driving the rapid pace of technological change. Greater emphasis will therefore, be laid on providing capital to the Private Sector, in order to encourage entrepreneurship and ingenuity, particularly in the area of dual-use technologies. Government of India has already initiated schemes like Start-up India, Atal Innovation Mission (AIM), etc. to encourage innovation and entrepreneurship in the Indian commercial ecosystem.

81. To extend its benefits to defence design, development and manufacturing, it is intended to create an ecosystem which fosters innovation and encourages technology development in Defence.

82. Defence is by far, one of the most complex enterprises. Innovation in defence therefore necessitates elaborate support and effective nurturing. The objective of this chapter therefore is to use a multi-pronged approach and reach out/engage a large pool of innovators/technocrats/professionals/academicians including amongst the smaller enterprises, start-ups and MSMES, to foster innovation in a coherent, strategized, and integrated manner. This would be achieved through the following procedures:-

(a) Innovations for Defence Excellence (iDEX).

(b) ‘Open Competition’ approach.

83. Projects of Start-ups, MSMEs etc. with low capital investments and high innovation would be supported through grants and pursued under the iDEX category. The procurement of the final product will be processed under the Buy (Indian-IDDM) route.

84. Only projects where prototype development is possible within two years, and where the cost of prototype development of each unit does not exceed the enhanced powers of the VCDS/Vice Chiefs/Head of the organisation under the R&D Schedule of the DFPDS will be pursued under the
‘Open Competition’ category. Grants for prototype development in these categories will be sanctioned by the SHQs from the existing delegated powers in DFPDS for R&D/innovation. The procurement of the final product, however, will be processed under the Buy (Indian-IDDM) route.

85. Like the Make-II category, Innovators/Industry/academia/start-ups can also forward suo-moto proposals for innovation to SHQ/iDEX-DIO. These proposals will be examined by SHQs in a time-bound manner, preferably within two months.

**Innovations for Defence Excellence (iDEX)**

86. Innovations for Defence Excellence (iDEX) initiative is primarily aimed at creation of an ecosystem to foster innovation and technology development in Defence and Aerospace by engaging Industries including MSMEs, start-ups, individual innovators, R&D institutes and academia and provide them grants/funding and other support to carry out R&D which has good potential for future adoption for Indian defence needs.

87. Prototypes that have been successfully developed through the iDEX framework will be taken up by the SHQs for grant of AoN after finalization of SQRs by the SHQs, as per procedure outlined in Paras 89 & 90 below.

**Categorisation & Accord of AoN**

88. SHQ shall prepare the Statement of Case (SoC) with the involvement of important stakeholders such as HQ IDS, DRDO, DDP, Advisor (Cost) and MoD (Fin)/IFA and will refer the cases to the concerned AoN according authority. The respective AoN according authority will carry out categorisation, based on the recommendations of SHQ while according AoN. PSQRs and Draft EoI shall be enclosed with SoC. Following would be highlighted by the SHQ in the SoC seeking AoN:-

(a) Estimated time period.
(b) Estimated development cost.
(c) Likely production cost.
(d) Quantity of order, preferably covering the requirement of five years, post the successful development of prototype.
(e) Acceptability of Multiple Technological Solutions, if any.
(f) Single vendor situation for cases where an innovative solution has been offered by an individual or a firm.

89. While according AoN, it will be ensured that design and development of the system is indigenous. The AoN shall be sought based on the cost of subsequent procurement under ‘Buy (Indian – IDDM)’.
90. All such proposals granted AoN, will be processed for procurement. AoN for iDEX cases will be valid for six months. For cases where RFP is not issued within six months from accord of AoN, SHQ will revalidate the AoN with due justification, as per the prescribed procedure.

91. Project, where prototype of only a single firm/individual clears the trials, will be progressed as resultant single vendor.

92. **Development of Prototype.** A Project Font Team (PFT) or nodal officer will be nominated by the SHQs for each iDEX case. PFT/Nodal officer will act as the primary interface between the SHQ and the industry during the design and development stage. After the prototype has been developed, the PFT would carry out user trial readiness review of the prototype before offering it for User Trials.

93. **Solicitation of Commercial Offers.** A commercial Request for Proposal (RFP) for 'Buy (Indian-IDDM) phase, duly vetted by Acquisition Wing (for non-delegated cases)/concerned SHQ (for delegated cases), will be issued to all Development Agencies (iDEX Winners who have successfully developed the prototypes) for submission of their commercial offer prior to commencement of User trials.

94. **User Trial.** User trials would be carried out by the SHQ in close consultation with PMT/Nodal officer and iDEX-DIO to validate the performance of the system against the parameters/specifications approved after the development of prototype. SHQ will formulate the trial directives and constitute the Trial Team. The 'trial directive' must specify the fundamental points that need to be addressed for validating the 'essential' parameters. Validation of the support system and maintainability trials, would be held simultaneously, wherever feasible. To reduce trial duration, development agencies shall be encouraged to obtain requisite certification from NABL accredited labs for parameters where Certificate of Conformance (CoC) is acceptable.

95. At this stage, no changes should be suggested, which require re-designing of the system/sub-system or technology upgrade. Such suggestions would only be considered and implemented in the subsequent/follow-on models, if required. The user may however recommend minor modifications with regard to ease of handling or maintainability.

96. **Follow-on Procedures.** Subsequent procedures for solicitation of Staff Evaluation, CNC and award of Contract will be same as for 'Buy (Indian-IDDM)' category, from the successful DA/DAAs, in accordance with Chapter-II of DPP.

**‘Open Competition’ Approach**

97. To support ‘out-of-the-box thinking’ and encourage wider participation of innovators/entrepreneurs, an ‘**Open Competition**’ approach has been introduced to promote innovation. The process will be **User led** and will focus on known problems impacting the Services.

98. The procedure to be followed would be as follows:-
(a) Defining of Problem Statement.
(b) Feasibility Study.
(c) ‘Approval-in-Principle’.
(d) Issue of Competition Document.
(e) Phase I - Submission of Proposal/Presentation by participants for shortlisting DAs for Phase II (Limited scale Demonstration).
(f) Accord of Acceptance of Necessity (AoN).
(g) Solicitation of Commercial Offer.
(j) Phase II - Demonstration and selection of final winners.

**Note.** For projects of technologically complex nature or where larger participation is envisaged, the SHQs may opt for an additional Phase. In such cases, Phase II may be introduced as Limited-scale Demonstration to shortlist potential DAs for Phase III (Full-scale Demonstration).

(k) Staff Evaluation.
(l) Commercial negotiations by Contract Negotiation Committee (CNC).
(m) Award of Contract.

**99. Identification of Projects.** SHQs will identify the potential projects to be undertaken under ‘Open Competition’, and host problem statement on MoD/SHQ website. SHQs will also hold consultations with the stakeholders.

**100. Project Facilitation Team (PFT).** PFT will be constituted with representatives from SHQ and other experts as applicable. IFA may also be consulted, where required. The PFT shall inter-alia be responsible for the following functions:

(a) Conduct of Feasibility Study.
(b) Preparation of draft Competition Document.
(c) Finalising the amount of funding and the methodology (stage payment/reimbursement) for shortlisted DAs for Demonstration Phase.
(d) Obtain CFA approval, as per extant delegation of financial powers detailed in DFPDS for Indigenisation.
(e) Issuance of Competition Document.
(f) Assist/handhold potential DAs by providing requisite technical information.
(g) Assist ‘Committee of Experts’ in shortlisting DAs for Phase II/ Phase III Demonstration based on analysis of responses and the Presentations.
(h) Solicitation of commercial offers from the DAs shortlisted for Phase II/ Phase III.

(j) Coordinate conduct of Phase II/ Phase III Demonstration and assist ‘Committee of Experts’ in evaluation of prototypes/selection of final DA(s).

(k) Prepare Staff Evaluation report based on results of Phase II Demonstration.

(l) Identify potential issues that will impact project cost or delivery and bring it to the notice of PSO concerned.

(m) Any other responsibilities as may be entrusted by the AoN according authority/PSO at SHQ.

101. **Project Monitoring.** PFT will periodically appraise the progress of the Competition as follows:-

   (a) To PSO concerned at SHQ - every three months.

   (b) AoN according authority - every six months.

102. **Feasibility Study.** SHQ will carry out Feasibility study with the involvement of other stakeholders such as HQ IDS, IFA, industry, academia, innovators, etc, as applicable. SHQ may engage consultants/experts to assist in preparation of feasibility study report. Funding requirements for preparation of feasibility studies shall be borne by SHQ. The Feasibility Study shall look into the following aspects:-

   (a) Assessment of capability of Indian industry to undertake design and development of the requisite equipment/system or their upgrades.

   (b) Estimated time period for development.

   (c) Estimated cost of prototype development and for subsequent procurement under ‘Buy (Indian-IDDM)’ category.

   (d) Number of DAs to be shortlisted for limited and full-scale demonstrations. (As ‘Open Competition’ entails part Govt funding for prototype development, not more than five DAs are to be shortlisted for Phase II Demonstration. (In case an additional limited scale demonstration is planned by the PFT, not more than fifteen DAs will be shortlisted for the interim demonstration phase).

   (e) ‘Foreclosure’ criteria.

   (f) Any other aspect considered important.

103. **'Approval-in-Principle (AIP)'.** Once preliminary feasibility has been established by the SHQ, ‘Approval-in-Principle’ will be sought from Secy DP.

104. **Approval of Competent Financial Authority (CFA) and Funding Arrangement CFA Approval.** The financial sanction for project development, taking the relevant prototype
development costs into account, would be obtained by the PFT from VCDS/Vice Chiefs/DG ICG for respective cases, as per delegation of financial powers detailed in DFPDS for indigenisation.

105. **Preparation and Release of Competition Document.** Post completion of Feasibility study, PFT in consultation with other stakeholders will prepare a detailed Competition Document which would list out the following:-

   (c) **Problem Statement.**

   (d) **Vision Statement - specifying final(desired output.**

   (e) **Broad specifications – laying out essential and desirable parameters. Higher specifications for a particular attribute(s) may also be included and incentivised, with approval of the concerned PSO. Document must clearly list out the Incentivisation Model, wherever applicable.**

   (f) **Planned Phases of the competition, such as Submission Phase, Presentation Phase, Limited Scale Demonstration Phase, Full scale Demonstration Phase etc. Each Phase is to list out detailed requirements/objectives.**

   (g) **Suggested Timelines for each activity.**

   (h) **Mechanism and share of funding for the prototype development for various phases. No funding will be provided for Phase I.**

   (i) **Eligibility Criteria.**

   (j) **Issues to be covered in the initial technical Submission and presentation by the participants.**

   (j) **Details of Evaluation Criteria for assessment at each Phase.**

   (k) **Composition of Committee of Experts.**

   (l) **Acceptability of Multiple Technological Solutions, if any.**

   (m) **Terms and Conditions including legal aspects. (Illustrative ‘Terms and Conditions’ for participation in open competitions are laid out at Appendix M).**

   (n) **Any other aspect deemed necessary by the PFT.**

106. The Competition Document will be widely advertised besides hosting on the SHQ website. Post issuance of Competition Document, participants are to be given adequate time (not less than six weeks) to submit their responses for Phase-I.

107. **‘Committee of Experts’.** SHQ, with approval of CFA, will setup a ‘Committee of Experts’ to adjudge each phase of the competition. The ‘Committee of Experts’ will generally comprise of:-

   (a) **Two Subject Matter experts from within the Service with relevant background and operational experience.**
(b) Two eminent Professors/Technical Experts from academia/reputed science/technical institutions.

(c) Two Industry Reps with expert knowledge and experience in the specified field.

(d) Any other domain expert on case to case basis.

108. The details of the members of the ‘Committee of Experts’ shall be kept confidential. The composition of the committee may be changed for different phases based on the specific requirement of skill, expertise and background.

109. This ‘Committee of Experts’ will evolve and list out the stage-wise evaluation criteria, besides adjudging the competition. The stage-wise evaluation criteria will be approved by the CFA and included in the Competition Document. The committee will mark each participant based on the level of compliance with the objectives earmarked for each phase. It will also shortlist the participants for the next stage based on the evaluation criteria. The committee will also recommend any extra marks/weightage to be accorded for achieving any higher parameter/specifications, which will thereafter be specified in the challenge document. The ‘Committee of Experts’ will submit its recommendation to the PFT, which will take approval of the same from the CFA. The decision of the CFA shall be final and binding on all participants.

110. **Phase I – Submission of Responses.** The participants will be required to submit a detailed technical proposal as per Competition Document. Once responses from participants by the last date are submitted, the PFT would assemble the ‘Committee of Experts’ to assess the submitted responses. Adequate time should be allocated for this purpose. Those submissions shortlisted, would be invited for the presentation phase. Based on the Presentation and interaction with the participants, the ‘Committee of Experts’ would recommend not more than five participants to be shortlisted for the Phase II (Demonstration Phase). In cases, where the PFT have opted for an additional phase in the project, due technological complexity, not more than fifteen DAs will be shortlisted for the interim demonstration phase (preliminary trials), and five for the final Demonstration Phase.

111. **Accord of AoN.** On completion of the Submission and the Presentation Phase, and once SHQ has prima-facie established capability of innovators to develop a prototype, the SHQ would prepare the SoC for grant of AoN and take AoN as per procedure given in Chapter II. The SoC will highlight the following:-

(a) Envisaged ‘Development Timeline’ for prototype.

(b) Estimated development cost of prototype.

(c) Minimum Order Quantity (MOQ) to be procured post successful development of the prototype.

(d) Estimated production cost of orders under Buy (Indian-IDDM) category.

(e) ‘Foreclosure Criteria’, if any.
(f) Acceptability of multiple technical solutions and division of ordered quantity among successful DAs, where applicable.

112. **AoN Validity.** The AoN will be valid for six months from the date of accord of AoN. In case where RFP is not issued within the stipulated period, SHQ will seek revalidation of AoN with due justification for not processing the case on time.

113. **Solicitation of Commercial Offers.** A commercial Request for Proposal (RFP) for 'Buy (Indian-IDDM) phase, duly vetted by Acquisition Wing (for non-delegated cases)/concerned SHQ (for delegated cases), will be issued to all Development Agencies for submission of their commercial offer prior to commencement of Phase II/Phase III (Demonstration Phase).

114. **Phase II – Demonstration Phase.** Phase II will be akin to User Trials. In Phase II, the participants will be required to give a full scale demonstration of the prototype as per the laid down objectives and specifications in the Competition Document. Based on the performance, the ‘Committee of Experts’ will recommend a maximum of two winners. In case the SHQ has opted for an additional phase of demonstration, the ‘Committee of Experts’ will shortlist a maximum of five potential DAs at this stage for the final Demonstration phase.

115. **Staff Evaluation.** Based on the results of Demonstration Phase, the PFT would carry out a Staff Evaluation. The Staff Evaluation report will be accepted at the SHQs by the VCDS/VCOAS/VCNS/DCAS/DG ICG, as applicable. Once the Staff Evaluation report is accepted and final instalment under prototype phase as per DPR has been released, no more funds would be released. The quantities in the ‘Buy (Indian-IDDM)’ phase cannot be reduced from the quantities indicated in AoN.

116. **Funding.** Funding for the prototype development would be provided both for the Interim Demonstration Phase (where applicable) and the Final Demonstration Phase. Funding could be done through two modes; either as a grant or as reimbursement. The amount and mode of funding will be decided by the CFA beforehand and approved during the AoN stage, as well as included in the Competition Document. If grants are being given beforehand, an undertaking would be signed by the participant that a detailed expenditure statement would be submitted for assessment. If reimbursement is preferred, then those teams performing beyond the laid down benchmark during the Demonstration Phase(s), would be considered for reimbursement. This would cover the expenses of the cost incurred during the Demonstration Phases. Funds would be allocated for the same.

117. **Follow-on Procedures.** Subsequent procedures for CNC and award of Contract will be same as for 'Buy (Indian-IDDM)' category, from the successful DA/DAs, in accordance with Chapter-II of DPP.
119. **Deviations.** Any deviation from the prescribed procedure will be put up to AoN according authority.

**Aspects Common to ‘Make-III’ and all ‘Innovation’ Categories**

120. **Intellectual Property Rights (IPRs).** IPR provisions will remain same as Make-II category. Where the innovation is achieved within the Services, the concerned personnel/organisation may be allowed to file and hold the patent.

121. In ‘Innovation’ Categories, even if a single individual or a firm develops the prototype, it would not be considered as a Single Vendor case.

122. **Time Overrun.** Approval of extension of timelines for any project under innovation categories may be accorded by VCDS/VCOAS/VCNS/DCAS/DG (ICG), based on the recommendations of PFT/nodal point.

123. **Multiple Technological Solutions.** Cases involving large quantities, and where multiple technological solutions are acceptable, SHQ may seek approval of AoN granting authority for dividing specified quantities (in the appropriate ratio) between two vendors with lowest bids (referred to as L1 & L2), who have successfully developed the prototype/product, on the condition that the second (L2) vendor accepts the price and terms & conditions quoted by the L1 vendor. In case L2 vendor refuses to meet the price or the terms and conditions of L1 vendor, either the L3 vendor could be offered the same option to match L1 price and Terms/conditions, or the entire order could be placed on L1 vendor. This provision would need to be included in the SoC seeking AoN, and if approved, in the EoI/RFP, as applicable.

124. **Buyer Nominated Equipment/Buyer Furnished Equipment (BNE/BFE).** SHQs will have the option to procure or incorporate products that have matured through the aforesaid innovative processes as BNE/BFE in future procurement cases, where applicable. These would not be considered as Single Vendor Cases.

125. **Pre-Contract Integrity Pact (PCIP).** The Pre-Contract Integrity Pact (PCIP), listed as detailed at Chapter II of DPP 2016, shall apply mutatis mutandis, to 'Buy (Indian - IDDM)' phase of 'Make-II/III' projects. Depending upon the sensitivity/secrecy of the information related to the Project, participating vendors may be asked to sign a Non-Disclosure Agreement at the time of sharing the QRs/other sensitive information for certain projects as deemed necessary by SHQ.
Appendix A to Chapter III
(Refers to Para 5 of Chapter III)

TECHNOLOGY DEVELOPMENT FUND (TDF) SCHEME

1. Technology development Fund Schemes aim at creation of an Eco-system for enhancing cutting edge technology capability for Defence application through leveraging the domestic capabilities available with Indian Industries especially MSMEs including Start-ups and provide them funding through grants for development of defence and dual use technologies that are currently not available with the Indian defence industry or have not been developed so far.

2. Cases in which prototype have been developed under the ‘Technology Development Fund Schemes’, procurement will be made under the ‘Buy (Indian- IDDM)’ Category, with assurance of orders, and no dilution of quantities. However, in such cases, the product should be indigenously designed, developed and manufactured with minimum 50% IC.

3. Selection of problem statement and development of prototype through technology development Fund Schemes will be undertaken in accordance with procedures promulgated by DRDO, as amended from time to time. These, inter-alia will include:-

   (a) Advance planning and consultations
   (b) Feasibility studies
   (c) Drawing of Technology Parameters requirement (TPR)
   (d) Accord of AoN under the TDF Scheme
   (e) Project Monitoring and Mentoring
   (f) Issue of EoI and soliciting response
   (g) Selection of development Agencies (DAs)
   (h) Development and Testing of Prototype

4. A nodal officer from the Services will be nominated by the SHQs for each requirement under TDF Schemes who will be the member of the Project Monitoring and Mentioning Group (PMMG).

Categorisation and Accord of AoN.

5. Once the prototype(s) have been successfully developed through TDF Scheme, the SHQ would finalise the SQRs and prepare the SoC for grant of AoN in consultation with other stakeholders. In case procurement from more than one DA is envisaged, the same may be included in the SoC with justification. AoN will be taken by SHQ as per procedure given in Chapter II. The AoN will be sought based on the cost of the final product under ‘Buy (Indian- IDDM)’ Category.

6. The AoN will be valid for six months from the date of accord of AoN. In case where RFP is not issued within the stipulated period, SHQ will seek revalidation of AoN with due justification for not processing the case in time.

7. Solicitation of Commercial Offers. A commercial Request For Proposal (RFP) for ‘Buy (Indian – IDDM) phase, duly vetted by Acquisition Wing (for non-delegated cases)/ concerned SHQ (for delegated cases), will be issued to all successful DA(s) for submission of their commercial offer prior to commencement of User trials. Cases where prototype has been developed by a single DA, would not be treated as Single Vendor Case.
8. **User Trials.** User trials would be carried out by the SHQ in close consultation with PMMG and Dte of TDF, DRDO to validate the performance of the system against the Parameters/ Specification approved after the development of prototype. SHQ will formulate the Trial Directives and constitute the Trial Team. The ‘Trial Directives’ must specify the fundamental points that need to be addressed for validating the ‘essential’ parameters. Validation of the support system and maintainability trials would be held simultaneously, wherever feasible. To reduce duration of trials, development agencies shall be encouraged to obtain requisite certification from NABL accredited labs for parameters where Certificate of Conformance (CoC) by DRDO is not acceptable (the same is to be clarified in the RFP).

9. Projects, where prototype of only a single DA clears the Testing/ Trials, it will not be treated as Single Vendor Case.

10. At this stage no changes should be suggested, which require re-designing of the systems/ sub-systems or technology upgrade. Such suggestions would only be considered and implemented in the subsequent/ follow-on models, if required. The user may however recommend minor modification with regard to ease of handling or maintainability.

11. **Follow-on Procedures.** Subsequent procedures for Staff Evaluation, CNC and award of contract to the successful DA (s) will be same as that for ‘Buy (Indian- IDDM)’ category, in accordance with Chapter-II of DPP.
### DELEGATED FINANCIAL POWERS OF CFA FOR ‘D&D’ AND ‘INNOVATION’ CATEGORIES

<table>
<thead>
<tr>
<th>Description</th>
<th>CFA</th>
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<tbody>
<tr>
<td>Project Cost for Prototype Development Phase upto ₹ 50 Crores</td>
<td>Vice Chiefs and VCDS</td>
</tr>
<tr>
<td>Project Cost for Prototype Development Phase above ₹ 50 Crores and upto ₹ 150 Crores</td>
<td>Secretary (DP)</td>
</tr>
<tr>
<td>Project Cost for Prototype Development Phase above ₹ 150 Crores and upto ₹ 300 Crores</td>
<td>RM</td>
</tr>
<tr>
<td>Project Cost for Prototype Development Phase above ₹ 300 Crores and upto ₹ 500 Crores</td>
<td>RM &amp; FM</td>
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<tr>
<td>Project Cost for Prototype Development Phase above ₹ 500 Crores</td>
<td>CCS</td>
</tr>
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</table>
**Appendix C to Chapter III**  
(Refers to Para 32(k) of Chapter III)

**PHASES IN DESIGN AND DEVELOPMENT OF PROTOTYPE FOR MAKE-I SUB-CATEGORY**

The Design and Development stage under Make-I projects is expected to undergo the following phases:-

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activities</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td>(a)</td>
<td>Project Definition</td>
<td>● Mobilisation of initial start-up resources, including development laboratories</td>
</tr>
<tr>
<td>(b)</td>
<td>Preliminary Design</td>
<td>● Establishment of design parameters for configuration, performance in compliance with user requirements</td>
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</table>
| (c)   | Detailed Design | ● Detailed design of systems and sub-systems down to all components  
● Finalisation of specifications of various equipment, systems, sub-systems  
● Freezing and ratification of PSQRs by SHQs  
● Firming up of engineering design drawings/documents and process plan | ● Acceptable variances in parameters may be indicated as % or range.  
● Several critical design reviews may be needed to fine-tune the designs.  
● Concerned SHQ/PFT is to provide platform/equipment/interface details as approved at the DPR stage. |
| (d)   | Fabrication/Development | ● Manufacture of sub-assemblies in limited numbers as agreed to in DPR against total numbers required for subsequent stages. | ● Fabrication to be based on final specifications arrived at in Phase III (Detailed Design) |
| (e)   | Test and Analysis | ● Testing of several components, systems and sub-systems is to be undertaken concurrent with design | ● Software is also to be included in tests/analyses  
● Design testing through simulation can also be undertaken  
● Testing may require specialised facilities such as firing ranges for proof firing, etc. Laboratory and other in-house |
<table>
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<tr>
<th>Phase</th>
<th>Activities</th>
<th>Remarks</th>
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<tr>
<td></td>
<td></td>
<td>facilities are to be made available to the DA as approved in the DPR.</td>
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</tbody>
</table>
| (f)   | Integration | • Integration of systems/sub-systems  
• Finalisation of interface details and performance and assembly of modules/sub-systems  
• System integration testing in accordance with approved test procedures is to be progressed concurrently |
| (g)   | Performance Evaluation | • Technical and limited field trials of the prototype  
• Changes in design may be needed until final proving and meeting of essential SQRs  
• DA and PFT are to assess performance against stated SQRs  
• Subject to time limits approved in DPR. |
Appendix D to Chapter III
(Refers to Para 33(a) of Chapter III)

PROJECT DEFINITION DOCUMENT (PDD): AN ILLUSTRATIVE FORMAT

The PDD would be prepared by the JPMT/PFT in consultation with DAs. It could contain the following:

(a) Brief description of the project.
(b) PSQRs.
(c) System requirements and functionalities.
(d) Major components of the proposed system.
(e) Maintenance and operational philosophy.
(f) Testing.
(g) Documentation.
(h) Life cycle management.
(j) Feasibility study details.
(k) Milestones.
(l) Phases of implementation.
(m) Technology demonstrators, if any.
(n) BFE required for development/Testing.
(o) Foreclosure Criteria/Risk management.
(p) Safety and security aspects.
(q) Phase wise induction schedule.
(r) Time frames for execution of the project.
Appendix E to Chapter III
(Refers to Para 33(c) of Chapter III)

EXPRESSION OF INTEREST (EoI): AN ILLUSTRATIVE FORMAT

1. General information about the product/equipment/system, number of systems required (for the prototype development phase and Buy (Indian-IDDM) phase), Life span, estimated financial aspects, performance/capabilities sought, security features, IPR aspects, payment aspects with linkage to milestones, grounds on which EoI respondent can be disqualified, grounds for blacklisting by any Indian government agency (of domestic/foreign technology partner), and product audit by nominated agencies of government etc.

2. Technical requirements of the project with proposed specifications and expected tolerance limits of various parameters.

3. Guidelines in vogue for formation of Association of Persons (AoP) i.e. consortium.

4. Financial Eligibility Criteria: -

   (a) The entity needs to be registered for minimum five years; three years in the case of MSMEs.

   (b) The entity shall have long-term issuer credit rating equivalent to Credit Rating Information Services of India Limited (CRISIL) or ICRA Limited “BBB” accorded by Reserve Bank of India (RBI) / Securities Exchange Board of India (SEBI) approved agencies. In case of MSMEs, the minimum rating should be ‘SME-4’. Rating report should not be older than 12 (twelve) months and be the latest available rating.

   (c) The entity needs to be profitable for at least three out of the last five years; in case of MSME, it needs to be profitable (Profit after tax (PAT)) for at least one out of the last three years.

   (d) The entity should have a positive minimum ‘Net Worth’, as described below:-

   (i) For ‘MAKE’ projects having AoN cost (combined estimated cost of prototype development phase and cost of subsequent procurement) >₹ 5000 Crore, a minimum ‘Net Worth’ equivalent to 5% of the development cost indicated at the time of AoN, subject to maximum of ₹ 1000 Crore.

   (ii) For ‘MAKE’ projects having AoN cost (combined estimated cost of prototype development phase and cost of subsequent procurement) ≤₹ 5000 Crore, a positive ‘Net Worth’ for all companies including MSMEs.
5. In case the Net Worth criteria and/or credit rating is considered high or low for the purposes of adequate EoI responses, the Feasibility Study will bring out an alternate specific recommendation for consideration of the AoN according authority at the time of seeking AoN.

Notes:

(i) In case of wholly owned subsidiary/subsidiary of a company, the strengths of its holding company may be taken into account for the criteria referred at Para 4, if the holding company provides the ‘Holding Company Guarantee’ as per the format prescribed at Annexure-I of Appendix A.

(ii) Guidelines for Putting on Hold, Suspension, Debarment and any other penal action on the Entities dealing with Ministry of Defence, as promulgated by Government from time to time, will be applicable on procurement process and bidders.

6. All aforesaid data relating to eligibility of companies for issue of an EoI shall need to be demonstrated at the close of the financial year preceding the accord of AoN, except the requirement for profitable financial record as specified under Para 4 (c) above, which needs to show profits in at least three years of the last five years preceding the accord of AoN.


(a) Integration Capability. For large and complex projects (particularly under Make-I category), only companies with demonstrated technical capability of integration of “System of Systems”, which refers to any system with multiple technologies of major systems in aerospace (including aircraft, helicopter, remotely piloted aircraft, spacecraft), ships and crafts, submarine, weapon systems (including command & control systems), chemical plants, power plants, steel plants, automobiles manufacturing plants, etc, may be considered. To establish the same, the company should have:

(i) Successfully commissioned at least one project in power plant/ chemical plant/ steel plant/ automobile manufacturing plant, with a capital expenditure of not less than INR 500 Crore (Five Hundred Crore only) on each such plant/project.

OR

(ii) Successfully signed at least one contract in the product or related domain (ex. Aerospace/ shipbuilding/ armoured fighting vehicles/weapon systems / command & control systems, as the case may be) of value not less than INR 300 Cr (Three Hundred Crores), during the last seven (07) financial years.

(b) Domain-Specific Criteria. The minimum acceptable technical criteria in the product/solution domain are to be decided by SHQ in consultation with DDP. These could include, inter alia, the following:-
(i) Special static facilities necessary for development, fabrication or assembly of the product.

(ii) Design and manufacturing capabilities such as design simulators/software, tempering and machining, specialised welding technology, high-end control systems, etc.

8. Illustrative Details to be sought from EoI respondents:-
   (a) Outline features of the proposal.
   (b) Estimated Capital expenditure.
   (c) Roles, responsibilities and expertise details of consortium members, if any.
   (d) Role of foreign technology provider, if any.
   (e) Recommended stages/phases of development with priorities and time schedules.
   (f) Requirement of specialised testing assistance where facilities are available only with DRDO/DGQA/DGAQA/DGNAI.
   (g) Cost-sharing Aspects.
   (h) Undertaking to furnish the cost of the final product during evaluation stage itself, once the final configuration of the end product under development is frozen.

9. Documents to be submitted by EoI respondents:-
   (a) Information Performa (by all partners/collaborators) as per Annexure-I to Appendix-E.
   (b) Documents as per Annexure-II to Appendix-E.
   (c) Copy of MoUs with consortium partners, if applicable.
Annexure I to Appendix E
(Refers to Para 9(a) of Appendix E)

INFORMATION PROFORMA: AN ILLUSTRATIVE LIST OF ELEMENTS

1. General Information:-
   (a) Name of the Company.
   (b) Address of the Registered Office.
   (c) Category of Industry (Large Scale/Medium Scale/Small Scale).
   (d) Nature of Company (Public Limited/Private Limited).
   (e) CIN.
   (f) Shareholding pattern.

2. Business Information:-
   (a) Type/Description of current products.
   (b) Products already supplied to Services/PSUs/DRDO/OFB/any other defence organisations
   (c) Details of ISO, Quality Assurance and other Certification.

3. Technical Information:-
   (a) Availability of area for factory (including covered, uncovered and bonded space).
   (b) Details of Developmental Facilities:-
      (i) Manpower.
      (ii) Inspection and Quality Control.
      (iii) Laboratory and Drawing Office Facility.
   (c) Integration capabilities for system-of-systems projects.
   (d) Capability criteria specific to the product/solution/technology being offered. (To be decided by SHQ in consultation with Acqn Wing)

4. Financial Information:-
   (a) Revenue and Net Profit during the last three Financial Years.
   (b) Present Net Worth of the Company.
   (c) Credit Ratings from RBI/SEBI approved agencies.
Annexure II to Appendix E
(Refers to Para 9(b) of Appendix E)

DOCUMENTS/INFORMATION TO BE SUBMITTED AS PART OF RESPONSES TO EoI:
AN ILLUSTRATIVE LIST

1. Latest Certificate of Incorporation by the Registrar of Companies (RoC).
2. Latest Memorandum of Association and Articles of Association of the Company.
3. Auditor certified data of company for:–
   (a) Share holding pattern including details of FDI.
   (b) Net worth
   (c) Annual Consolidated Turnover.
4. Credit Rating Certificate.
5. Copy of Association of Persons (AoP) Agreement.
7. Any other undertaking/affidavit as required by the MoD.

Note. The company/organisation is to certify the correctness of reply (ies) to this EoI on an undertaking signed by the authorised signatory.
Appendix F to Chapter III  
(Refers to Para 35(a) of Chapter III)

DETAILED PROJECT REPORT (DPR): AN ILLUSTRATIVE LIST OF DPR ELEMENTS

1. The PMT would order preparation of Detailed Project Report and provide following inputs to the nominated DA(s):
   (a) Provisional Service Qualitative Requirements (PSQRs).
   (b) Time frames and critical activities.
   (c) Milestones.
   (d) Evaluation process and acceptance criteria.
   (e) Selection criteria including weightages for possible enhancement of SQRs and cost-effectiveness.
   (f) List of trials/items/facilities/consumables that will be provided free of cost, and the number of times’ such free trials will be allowed.
   (g) Commercial Negotiation aspects.
   (h) Project Monitoring Methodology.

2. The DPR would stipulate the scope of the work in terms of the following:
   (a) PSQRs and compliance for eligibility.
   (b) Envelope along with weightages for enhancing SQRs.
   (c) Overview of the project.
   (d) Scope of the project.
   (e) Infrastructure requirements.
   (f) Operational requirements.
   (g) Integration requirements.
   (h) Estimated Bill of Material/Phase-Wise Cost Break-up and critical phases susceptible to cost over-runs.
   (j) Technical specifications of equipment to be used for the project.
   (k) Sources of Raw Materials for the project:
      (i) Imported/Indigenous.
      (ii) Brief Description.
      (iii) Estimated CIF Value.
      (iv) Percentage FE Content in Final Product.
   (l) Source and quantum of sanctioned, installed and back-up power supply.
   (m) Details of important facilities that will be employed in the project, including but not limited to:
      (i) Production (including Heat Treatment, jigs and fixtures).
      (ii) CAD, CAM, robotics and other advanced technology tools.
      (iii) Environmental Test Facilities.
      (iv) Tool Room, Metrology and Test Equipment and Facilities.
      (v) Types of Instruments, Make and Model, Date of Purchase,
   (n) Indigenisation Criteria.
(i) Indigenous design capability.
(ii) Indigenous manufacturing capability.
(iii) Indigenous content in percentage of total cost.
(iv) %age of proprietary items.
(v) Components to be manufactured indigenously.
(vi) Components designed indigenously but likely to be manufactured abroad.
(vii) Components likely to be procured from abroad along with country of origin.
(viii) Methodology to build up on technologies and experience from current project for new deliverables/upgrades.

(p) Estimated timelines for various phases of prototype development, total timeframe for implementation of the project and critical phases most susceptible to slippages.
(q) Critical activities and milestones.
(r) Estimated expenditure for various phases of prototype development inclusive of all taxes & duties to be incurred by DA, estimated total capital expenditure.
(s) Detailed risk analysis and risk management plan.
(t) Funding for development of prototype and carrying out research activities.
(u) Role of technology provider, if any.
(v) Upfront disclosure of details of foreign collaboration, if any.
(w) Requirement and employment plan of proof firing and other specialised testing assistance where facilities are available only with DRDO/DGQA/DGAQA/DGNAI.
(x) Evaluation process and acceptance criteria.
(y) Sharing of development cost.
(z) Premium for insurance cover against collateral/third party damages.
(aa) Estimates numbers for prototype development and for Mark-I procurement under “Buy (Indian-IDDM)” phase.
(ab) Requirement of minimum order quantity to be placed on the successful developer.
(ac) Methodology for life-cycle support, mid-life upgrades or life extensions, if applicable.
(ad) Any other detail as required such as Project Management Plan, QA Plan, detailed project validation of simulators if used, configuration management plan (CMP), Verification and Validation Plan, etc.
GUIDELINES FOR APPROVAL AND ACCEPTANCE OF COST-SHARING ARRANGEMENTS

Procedures

1. The cost estimates shall be prepared by the finally shortlisted DA(s) and shall be submitted to the PMT within the required date and time as part of the DPR.

2. The DA(s) shall prepare the cost estimates in accordance with the general principles outlined in this Appendix and shall record a certificate to that effect as part of the documentation submitted.

3. These cost estimates shall be examined by the PMT as part of the DPR. The PMT shall hold consultations with the DA as required and shall submit its final recommendations to the DDP for approval. Depending upon individual requirements of DA(s) in terms of development of technology and indigenous content, the PMT could consider and recommend a cost variation up to 25% amongst the DPRs submitted by the two DA(s), as compared to the lower of the two.

4. The approved cost estimates shall then be communicated by the PMT to the DA(s) as part of the Project Sanction Order (development contract); and shall form the basis for design and development of prototype and claiming of costs by the DA(s).

5. Claims for reimbursement of MoD share shall be made by the DA(s) upon completion of different phases at Para 32(k) and Appendix C to Chapter-III, as finalised in the DPR. The cost to be reimbursed shall be restricted to actual cost.

General Principles.

6. Indian Accounting Standard 7 (AS7) shall be followed for accounting procedure.

7. The following criteria shall be used by the Ministry of Defence for determining whether, what and upto what extent the costs incurred by DA shall be paid out of public funds:-
   (a) Costs Allowability;
   (b) Cost Allocability;
   (c) Cost Reasonableness; and
   (d) Terms of the Contract.

8. The DA shall not charge any unallowable costs; and shall segregate the same from any proposal, billing, indirect cost pool or claim submitted to the Ministry. The following costs are specifically considered unallowable for the purpose of these guidelines:-
   (a) Bad Debts;
   (b) Interest;
   (c) Land;
(d) Permanent Building;
(e) Entertainment;
(f) Contributions or donations;
(g) Fines, legal expenses and penalties;
(h) Advocacy and business development;
(i) Losses on other contracts;
(k) Alcoholic beverages; and
(l) Business organisation costs such as costs of incorporation, re-organisation and merger.

9. A cost shall not be presumed to be allowable merely because the DA actually incurred the costs, unless meets the test of relevancy, financial prudence, reasonability and relationship.

10. **Allocability of the Cost.** A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it: (a) is incurred specifically for the contract; (b) benefits both the contract and other work and can be distributed to them in reasonable proportion to the benefits received; and (c) is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown. In any case, indirect costs shall not exceed 10% of the total approved cost for prototype development.

11. A cost is reasonable if it would have been incurred by prudent entity in the conduct of competitive business. To be reasonable, the cost must be: (i) generally recognised as an ordinary or necessary cost of business; (ii) follow sound business practices; (iii) comply with Central, State, local laws; and (iv) be consistent with the Development Agency’s established business practices. The determination of reasonableness of a particular cost shall depend on all relevant facts and circumstances concerning the costs; and the decision of the Ministry of Defence in this regard shall be final. Miscellaneous

12. The Development Agency shall submit a break-up of cost estimates for each stage outlined **Appendix C** to Chapter III. These stages shall also form specific potential exit points for the Ministry of Defence without any further liability, if the Ministry of Defence is of the considered opinion that requisite and timely progress has not been made by the DA for successful completion of that phase.

13. The Ministry of Defence shall not, under any circumstances, entertain or consider any revisions, submissions or arguments for inclusion of un-allowable costs as specified in these Guidelines.
Appendix H to Chapter III
(Refers to Para 49 of Chapter III)

INTELLECTUAL PROPERTY RIGHTS OF GOVERNMENT
IN “MAKE” PROJECTS

Guiding Principles

5. The Government shall retain only a license in the Intellectual Property\(^1\) being generated under contract; and the contractor retains title or ownership and all other rights in intellectual property that are not granted to the Government, subject to conditions prescribed herein.

6. During the development of prototype, if any technology/product is developed, which the Government considers to be sensitive or classified and needs to be restricted for use in other purposes or for export, the Government through PMT or any other expert or body may identify such technology/product. The provisions for IPRs in respect of such technology/product will be separately negotiated in compliance with the laws and regulations on the subject.

7. All technology licensing is divided up between two mutually exclusive categories of deliverables:
   (a) Technical Data (TD)\(^2\); and
   (b) Computer Software (CS)\(^3\). The Government shall also have certain rights to subject inventions and patents generated under the “Make” contract.

4. The EoI shall contain details of:-
   (a) the delivery requirements, storage formats and storage medium; and
   (b) The associated data rights, in all technologies required to be developed or delivered under the “Make” contract. Officials connected with award of “Make” projects shall ensure that all such delivery requirements are clearly stated in the EoI and the “Make” contract signed, if any, including delivery and form in which source code is required as a contract deliverable.

5. The Government’s standard license rights in:-

---

\(^{1}\) The term ‘Intellectual property’ shall refer to all categories of intellectual property as provided in TRIPS Agreement.

\(^{2}\) “Technical data” means recoded information, regardless of the form or method of the recording, of a scientific or technical nature (including computer software documentation). The term does not include computer software or data incidental to contract administration, such as financial and/or management information.

\(^{3}\) (a)“Computer software” means computer programs, source code, source code listings, design details algorithms, processes, flow charts, formulae and related material that would enable the software to be reproduced, recreated or recompiled. Computer software does not include computer data bases or computer software documentation. (b) “Computer program” means a set of instructions, rules, or routines recorded in a form that is capable of causing a computer to perform a specific operation or series of operations. (c) “Computer software documentation” means owner’s manuals, user’s manuals, installation instructions, operating instructions, and other similar items, regardless of storage medium, that explain the capabilities of the computer software or provide instructions for using the software. (d) “Computer data base” means a collection of data recorded in a form capable of being processed by a computer. The term does not include computer software.
(a) subject inventions and associated data; and  
(b) all other data generated under the “Make” contract, including technical data and computer software whether associated with such subject inventions or otherwise, shall be “Government-Purpose Rights” (GPR). In respect of subject inventions, the Government shall hold a non-exclusive, non-transferable, irrevocable, paid up (royalty-free) license to practise, or have practiced for on its behalf, the subject invention throughout the world.

6. These guiding principles shall apply at both the prime and subcontract levels; i.e., the prime DA(s) shall incorporate the rights of the Government as prescribed in this Annexure in all their subsequent sub-contracts and agreements insofar as technology development under “Make” projects is concerned.

**Government Rights**

7. The Government shall have “Government-Purpose Rights” and “Unlimited Rights” as explained in succeeding paragraphs.

8. For all subject inventions under the “Make” Contract, including technical data and computer software associated with such subject inventions, the Government shall hold “Government-Purpose Rights” (GPRs), in that it shall hold a non-exclusive, non-transferable, irrevocable, paid up (royalty-free) license to practice, or have practiced for on its behalf, the subject invention throughout the world. These GPRs shall automatically convert to “Unlimited Rights” as defined under this section upon the expiry of ten years.

9. For the purpose of all technical data and computer software, whether related to subject inventions or otherwise, GPRs shall imply the right to use such technical data and computer software within the Government without restriction and the right to authorise any other entity for any government purpose including re-procurement. More specifically, “Government-Purpose Rights” includes the rights to:-

   (a) Use, modify, reproduce, release, perform, display, or disclose technical data within the Government without restriction; and

   (b) Release or disclose technical data outside the Government and authorise persons to whom release or disclosure has been made to use, modify, reproduce, release, perform, display, or disclose that data for Government purposes.

   (c) Form, Fit and Function data and Manuals or instructional and training materials for installation, operation, or routine maintenance and repair;

---

4“Subject Invention” implies any invention of the contractor conceived or first actually reduced to practice in the performance of work under a Government Contract. “Invention” implies any invention or discovery that is or may be patentable or otherwise protectable under the Patent Laws in force in India.
(d) Computer software documentation required to be delivered under the “Make” contract;

(e) Corrections or changes to computer software or computer software documentation furnished to the contractor by the Government;

(f) Computer software or computer software documentation that is otherwise publicly available or has been released or disclosed by the contractor or subcontractor without restrictions on further use, release or disclosure other than a release or disclosure resulting from the sale, transfer, or other assignment of interest in the software to another party or the sale or transfer of some or all of a business entity or its assets to another party;

10. For the purposes of these guidelines, “Government Purpose” means an activity in which the Government of India is a party, including cooperative agreements with international or multinational defence organisations, or sales or transfers by the Government of India to foreign Government or international organisations. Government purposes include competitive procurement, but do not include the rights to use, modify, reproduce, release, perform, display, or disclose technical data for commercial purposes or authorise others to do so. 11. In addition to standard GPRs, Government rights in computer software to be delivered under contract shall also include the right to:-

(a) Use of a computer program with government computer(s);

(b) Transfer to another Government computer;

(c) Make copies of computer software for safekeeping; backup or modification purposes;

(d) Modify computer software;

(e) Disclose to service contractors;

(f) Permit service contractors to use computer software to diagnose/correct deficiencies, or to modify to respond to urgent or tactical situations; and

(g) Disclose to contractors or any other third-parties for proposals of emergency repair and overhaul.

**March-In Rights**

12. The Government shall have “March-In” rights for all items covered under its “Government-Purpose Rights”. “March-In” Rights shall include the right to work the patent, either by itself, or by another entity on behalf of the Government, in case the contractor fails to work the patent on its own within a specified and reasonable period of time.
13. Under its march-in rights, the Government can require the contractor to grant, or may itself grant license for, inter alia, the following reasons:-

(a) The contractor fails to work the patent towards practical application within a reasonable time; or

(b) Where health and safety requirements so require the Government to act in public interest; or

(c) For National Security Reasons; or

(d) To meet requirements for public use not reasonably satisfied by the contractor; or

(e) For failure of the contractor to substantially manufacture the products embodying the subject invention in India; or

(f) For failure of the contractor to comply with any of the requirements laid down under these guidelines.

Miscellaneous

14. The contractor is required to have a timely and efficient disclosure system in place for reporting of intellectual property generation under the “Make” contract to the Ministry of Defence. Failure to disclose in timely manner, or failure on part of the contractor to invoke his/her default right of ownership, shall imply that all IPRs shall ab-initio vest in the Government of India. The contractor may elect to retain title of any invention made in the performance of work under a contract. If the contractor does not elect to retain title, the title shall ab-initio vest in the Government as stared above and the contractor shall only be entitled to a license on such terms and conditions that the Government may deem it fit. Such license to the contractor shall usually be (a) revocable, non-exclusive and royalty-free; (b) extend to its domestic subsidiaries and affiliates; and (c) include the right to sublicense; but (d) shall not be transferable without prior approval of the Government.

15. The contractor shall also be required to submit periodic reports about commercialization and manufacturing activities undertaken for products embodying the subject invention under “Make” contracts.

16. The Government’s IPRs shall flow down from the prime contractor to all sub-contractors at all tiers; that is, every sub-contractor will have the same obligations vis-à-vis the Government as applicable to the prime contractor under the main procurement contract. To this end, the sub-contractors shall have limited contractual privity with the Government solely for the purposes of their IPR obligations to the Government.

17. The ownership of any rights by the contractor does not include an absolute right to transfer of any software, product or documentation; and such transfer, including export thereof, shall continue to
be governed by and be subject to the Export Policy, Export Guidelines and all applicable laws, rules, regulations, orders and instructions of the Government of India. All such transfers and exports shall require prior and explicit approval of the Ministry of Defence.

18. Where the DA is not a consortium, ownership rights in intellectual property being generated under the “Make” contract shall vest with the Government upon dissolution of such DA. Where the DA is a consortium, the ownership rights in the IP generated under the “Make” contract, upon dissolution of the consortium, shall vest amongst the partners as per their agreement on the subject contained in the joint partnership agreement of the consortium, without government rights as licensee being adversely affected in any manner.
## ESTIMATED TIMELINES FOR “MAKE-I” PROJECTS

<table>
<thead>
<tr>
<th>MAKE Phases</th>
<th>Timeline in Weeks from AoN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase I</strong></td>
<td></td>
</tr>
<tr>
<td>Formation of PMT and shortlisting of potential EoI recipients (parallel activities)</td>
<td>6</td>
</tr>
<tr>
<td>Issue of EoI</td>
<td>12</td>
</tr>
<tr>
<td>Pre-EoI Submission Meeting with EoI Recipients</td>
<td>4</td>
</tr>
<tr>
<td>EoI Response Submission</td>
<td>12</td>
</tr>
<tr>
<td>EoI Response Evaluation</td>
<td>16</td>
</tr>
<tr>
<td>Shortlisting of Development Agencies (DA(s))</td>
<td>12</td>
</tr>
<tr>
<td>Detailed Project Report Receipt and Finalisation</td>
<td>16</td>
</tr>
<tr>
<td>CFA Approval</td>
<td>8</td>
</tr>
<tr>
<td>Placement of Prototype Development Contract on DA(s)</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Timeline for Phase I</strong></td>
<td><strong>92</strong></td>
</tr>
<tr>
<td><strong>Phase II</strong> (Refer Appendix C to Chapter III)</td>
<td></td>
</tr>
<tr>
<td>Prototype Development &amp; Evaluation</td>
<td>As per DPR</td>
</tr>
<tr>
<td><strong>Total Timeline for Phase I &amp;II</strong></td>
<td><strong>92 + as per DPR</strong></td>
</tr>
</tbody>
</table>
Appendix K to Chapter III
(Refers to Para 57 of Chapter III)

INDICATIVE EVALUATION CRITERIA FOR SHORTLISTING OF DEVELOPMENT AGENCIES FOR MAKE-II

For start-ups recognized by Department of Industrial Policy & Promotion (DIPP), Financial, Technical and Commercial criteria shall be spelt out separately in the EoI. In respect of other vendors, the entities satisfying all of the following criteria shall be considered as an eligible 'Indian Vendor' for issue of EoI by PFT:-

(a) Public limited company, private limited company, partnership firms, limited liability partnership, one Person Company, sole proprietorship registered as per applicable Indian laws. In addition, such entity shall also possess or be in the process of acquiring a license/development of products if the product under project requires license as per DIPP’s licencing policy.

(b) The entity has to be owned and controlled by resident Indian citizens; entity with excess of 49% foreign investment will not be eligible to take part in Make category of acquisition.

(c) Other Financial, Technical and Commercial criteria will be spelt out by concerned SHQ based on the project requirement.

Note: Guidelines for penalties in business dealings with entities as promulgated by Government from time to time, will be applicable on procurement process & bidders.
Appendix L to Chapter III
(Refers to Para 69 of Chapter III)

TENTATIVETIME LINES FOR MAKE-II PROJECTS

<table>
<thead>
<tr>
<th>Ser. No</th>
<th>Activity</th>
<th>Time in weeks from collegiate discussions (To)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approval of proposals as POTENTIAL 'Make-II' projects by Collegiate to be headed by Secretary (DP) and uploading on MoD/DDP website</td>
<td>To</td>
</tr>
<tr>
<td>2</td>
<td>Completion of Feasibility study</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Preparation of PSQRs</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Preparation of SoC + Constitution of PFT</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Categorisation and Accord of AoN</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>Issue of Eol</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Eol Response submission</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Eol response evaluation</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Issue of Project Sanction Order</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Design &amp; development of prototype</td>
<td>12-30</td>
</tr>
<tr>
<td>11</td>
<td>Conversion of PSQRs to SQRs/ Solicitation of Commercial offer</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>User trials &amp; Staff evaluation</td>
<td>8-26</td>
</tr>
</tbody>
</table>

**Total** | **69-105 weeks** |
ILLUSTRATIVE TERMS AND CONDITIONS FOR PARTICIPATION IN ‘OPEN COMPETITION’

1. Only Indian citizens/entities/educational institutions/registered organizations/companies are allowed to participate.

2. All participants need to register by filling up the registration form given on the site with requisite documents. Incomplete form will not be accepted and the team will not be allowed to participate.

3. A write-up elaborating the proposed solution along with supporting media (video/presentation) is a mandatory for joining the selection process.

8. All participants shall abide by the timelines given in the completion document. Non-adherence would entail disqualification of the team.

9. The teams would be solely responsible for the safety and security of their equipment.

10. The expenditure on travel, boarding and lodging rests on individual teams.

11. The organisers are not liable for any breakages/damages to equipment or hazard/injury to any persons during the complete course of the participation. Participants will be liable for any damage/collateral damage/injuries that would occur to any third party/team members/participants/public at large during the completion.

12. The Organisers/SHQ reserves the exclusive right to select for negotiation all, some, one or none of the proposals received in response to their solicitation, and to make awards without discussions with any participants.

13. In case there is more than one winner, the prize amount would be divided amongst the joint winners. Each participant/team would be reimbursed towards their development cost as specified in the Competition Document for each phase.

14. Selection of winning team and award of prize to winning team will be subject to their acceptance of co-production order.

15. Participants shall not publish any research paper without prior permission and vetting from the Service HQ, resulting from the proposed effort as the same is likely to disclose the performance characteristics of military systems or manufacturing technologies that are unique, critical to defense and have bearing on security of the state.
16. The decision of CFA based on the recommendation of the Committee of Experts for selecting the winner and on the selection of participant for co-production order will be final and binding. It will not be subject to any dispute.

17. All suits and legal proceedings of any kind against the decision shall be instituted in the appropriate court(s) in Delhi or New Delhi notwithstanding the location of the competition, which may be subject matter of the dispute.

18. No suits or legal proceedings of any kind shall be instituted against the decision unless a notice in writing has been delivered to the Service stipulating the nature of claim, cause of action, relief sought, name, registration number and address of the person, and a period of two months has expired thereafter.

19. The participants will strictly adhere to all security norms/restrictions as instructed by the Service HQ from time to time.

20. Service HQ reserves the right to accept proposals in their entirely or to select only portions of proposals for award and subsequent co-production with the Service.

21. The Service HQ reserves the right to request further and/or additional, documentation as it makes the award determination.

22. The Service HQ reserves the right to remove proposals from award consideration, should the teams fails to reach agreement on award terms, conditions, and or cost/price within a reasonable time, or the if they fail to provide requested additional information in the specified timelines provided by the Service.

23. The winning prototype may be given a procurement contract, co-production agreement or other transaction, depending on the requirements.

24. For the publicity/ advertising of the given competition the Service might use the provided documentation. The applications can opt out of the above but shall need to state the same at the time of providing the information to the Service.

25. The Service reserves the right to cancel or postpone the event without any notification, if the Service HQ is satisfied that due to circumstances the proposed event cannot be held. Under such circumstances, the prospective participants are not entitled for any compensation or relief for the loss of any kind they may suffer.

26. The Service holds the right to make any changes and amendments to these terms and conditions at any time without giving any prior knowledge whatsoever.
27. Details of resources employed, bills/ invoices of equipment, sub-assemblies and proprietary algorithms need to be provided to the Service towards calculating the indigenous content and financial outlay.
Chapter IIIA

PROCEDURE FOR ACQUISITION OF SYSTEMS DESIGNED AND DEVELOPED BY DRDO/DPSU/OFB

Background

1. The aim of this procedure is to enable acquisition and induction of equipment/system developed by DRDO/DPSU/OFB into the Services. This process will help not only in translating the existing indigenous technological capability into systems, but also in implementing ‘Make in India’ with indigenous technology through Indian industry. This chapter describes the procedure for design and development of equipment/systems by DRDO/DPSU/OFB in detail which will lead to subsequent induction. The procedure covers the development of systems from inception till induction by Services and life cycle support, as per flow chart given at Appendix A to this Chapter.

2. While technology levels in defence systems in the country have reached global standards in a number of areas, however, in other areas we need to follow a spiral development model to keep pace with the international standards. Moreover, technology is ever-changing; and to constantly remain at par with global technologies, indigenous technology development must continue, through spiral development, if required. Spiral Development model is proposed to be adopted for indigenous capability building, wherever considered essential and feasible keeping operational requirement of Services in mind.

Development and Acquisition Process

3. On the basis of Operational Requirements (ORs), SHQ shall identify the cases which could to be undertaken for Design and Development (D&D) by DRDO/DPSU/OFB for subsequent induction. All such cases would be categorised as ‘Buy (Indian-IDDM)’ for subsequent induction from the industry partner of DRDO or DPSU/OFB. Normally, DRDO would nominate DcPP(s) ; but in case of DPSU/OFB the entire D&D and subsequent production may be undertaken by themselves. In exceptional cases DPSU/OFB may nominate a DcPP/PA from Indian industry.

4. The acquisition process for the systems designed and developed by DRDO/DPSU/OFB would involve the following functions:-

   (a) Initiation of D&D case by SHQs.

   (b) Accord of Acceptance of Necessity (AoN).

   (c) Issue of Project Sanction Letter.
(d) Design and Development.
   
   (i) Identification of Development cum Production Partner(s) by DRDO/DPSU/OFB.
   
   (ii) Detailed Design Review (DDR).
   
   (iii) Issue of Trial Directive by SHQ.
   
   (iv) Critical Design Review (CDR) by DRDO/DPSU/OFB
   
   (v) Realisation of prototype.
   
   (vi) Development trials, with assistance of Users(SHQ).
   
   (e) Freezing of PSQRs (conversion of PSQRs into SQRs).
   
   (f) Issue of Commercial Request for Proposal (RFP) to Development cum Production Partner(s) – DcPP(s)/ Production Agency (ies)- PA(s) of DRDO/DPSU/OFB.
   
   (g) Field Evaluation Trials (FET).
   
   (h) Staff Evaluation.
   
   (j) Commercial negotiations by Contract Negotiation Committee (CNC).
   
   (k) Approval of the Competent Financial Authority (CFA).
   
   (l) Award of contract/ Supply Order (SO).
   
   (m) Contract Administration and Post-Contract Management.

**Initiation of D&D Case by SHQs**

5. The Statement of Case (SoC) for these would be initiated by the concerned SHQ in consultation with DRDO/DPSU/OFB and circulated to all concerned stakeholders, for comments.

6. The SoC for seeking AoN shall, inter-alia, include the feasibility study report, PSQRs, MOQ and total quantity requirements and a methodology to quantify and verify each PSQR parameter.

7. The SoC for seeking AoN will, inter alia, highlight the following:-
(a) Recommended level of Indigenous Content.

(b) Minimum Order Quantity (MOQ) which can be exclusively committed for the identified project, post the successful development of prototype. In case, SHQs have opted for multi-stage PSQRs SoC shall separately list out MOQ for each stage.

(c) Envisaged ‘Development Timelines’ for prototype.

(d) Estimated development cost of project.

(e) Estimated production cost of orders for subsequent procurement under Buy (Indian-IDDM) category.

(f) Acceptability of multiple (DcPP(s)/ PA(s) and division of ordered quantity among successful DcPP(s)/ PA(s), where applicable.

8. PSQRs will be formulated by SHQs in consultation DRDO/design agency, specifying essential and desirable parameters. The applicability of spiral development would also be considered during the PSQR formulation itself.

9. Along with the PSQRs, a methodology to quantify and verify each PSQR parameter should also be finalised to avoid any subjectivity in formulation of PSQR.

**Accord of Acceptance of Necessity (AoN)**

10. After incorporating the comments on the SoC, as feasible, SHQ shall field the case in SPB/DPB/DAC, as applicable, for accord of AoN.

11. DcPP(s)/ PA(s) identified by DRDO shall not be considered as Single vendor case. Similarly, if the D&D is by DPSU/OFB without any DcPP, it would not be treated as SVC.

12. Validity of AoN for D&D projects by DRDO/DPSU/OFB will be six months from the date of approval of SQRs (post freezing of PSQRs after successful developmental trials) by relevant SEPC ie Commercial RFP would have to be issued by SHQ to DcPP of DRDO or DPSU/OFB within six months of approval of GSQR by SEPC.

**Design and Development**

13. Design and development would be undertaken as per DRDO/DPSU/OFB procedures. The major activities to be carried out during D&D are described in the following paragraphs.
14. DRDO shall indentify DcPP(s) during the initial stages of development as per DRDO procedures. The number of DcPP(S) selected will be based on the quantities required, response of the vendors, complexities of the technology, risk mitigation, expertise available within the Indian industry etc. But effort should be to have at least two DcPP(s). If two DcPPs are not available DRDO may justify the same to AoN according authority when AoN is sought. In case of D & D by DPSU/OFB there may not be any DcPP. In case there is a DcPP, provisions as applicable to DRDO will apply.

15. In certain cases, where the quantities are limited and production by industry is not feasible, production can be undertaken by DRDO/DPSU/OFB with approval of AoN according authority. DRDO will however identify a suitable maintenance agency as per its internal procedures to provide life cycle support for the equipment. DPSU/OFB may provide the product support without involving any private industry.

16. The DcPP(s) shall be involved during the development cycle of the project in order to enable absorption of technology. Infrastructure required for production should be established by the DcPP(s).

**Review and Monitoring**

17. The Detailed Design Review (DDR) and Critical Design Review (CDR) would be conducted as per internal procedures of design agency. Project reviews would also be done as per internal procedure to assess the progress and suggest corrective measures, if any.

18. DRDO/DPSU/OFB will constitute a Joint Project Management Team (JPMT), chaired by two-star officer from the concerned SHQ and co chaired by a Scientist ‘G’ of DRDO/ GM Level officer in case of DPSU/OFB with representatives from design agency ie DRDO/DPSU/OFB, MoD (Acqn Wing), DGQA/DGAQA/DGNAI, reps from maintenance branch, as required and other experts if considered necessary. Domain experts, if considered necessary may also be included. The suggested constitution and role of JPMT is as at Appendix B.

19. Quarterly Review Meeting (QRM) of all DRDO projects will be carried out by concerned Vice Chiefs, Secretary Defence R&D and DG (Acquisition). All JPMTs will render progress report during the QRM. The QRM may recommend foreclosure of any project and SHQ would then field the case before AoN according authority for foreclosure. A six monthly update of all DRDO projects would be given by DRDO to DPB.

**Issue of Trial Directive**

20. Trial Directive will be issued by SHQ after completion of the project Detailed Design Review (DDR) for Developmental trials based on PSQRs.

22. Aspects of QA, Environmental tests, EMI/EMC checks and maintainability would also be addressed in the trial directive.

23. DRDO/DPSU/OFB and SHQ shall jointly agree to the parameters which will be evaluated during the development trials. A certificate of conformance (CoC) will be issued by DRDO/DPSU/OFB to certify that these parameters need not be re-evaluated during FET.

**Realisation of Prototype**

24. Prototype shall be realized by the DePP(s) in case of design by DRDO; and by DPSU/OFB in case no DePP is engaged by them.

**Development trials**

25. Design agency, in close consultation with SHQ, would initially carry out development trials to validate the performance of the system against the PSQR parameters.

26. Development trials shall be conducted on the prototype manufactured by the DePP(s).

27. JPMT to support conduct of developmental trials by providing platforms, ranges, logistic support etc.

**Freezing of PSQRs (conversion into SQRs)**

28. After successful completion of developmental trials by DRDO, PSQRs shall be converted into SQRs and approved by the relevant SEPC.

**Issue of Commercial Request for Proposal (RFP)**

29. In case of non-issuance of commercial RFP within the stipulated period, i.e. six months after freezing of PSQRs, the AoN would need to be revalidated.

30. For better price discovery, commercial RFP would be issued and bid received prior to commencement of Field Evaluation Trials (FET). RFP, besides seeking commercial inputs will also seek costing details for life-sustenance support.

**Field Evaluation Trials (FET)**

31. The Trial Directive will be formulated by the SHQ in consultation with design agency and must specify the fundamental points that need to be addressed for validating the ‘essential’ parameters, along with EMI/EMC, Maintenance and Quality requirements. Trial directive will be issued on the basis of trial methodology. CoC submitted by design agency shall be taken into account while formulating the Trial directive for FET.
32. The following documents should be made available to users/Trial agencies, at the start of the FET:-

(a) Requisite technical documentation.

(b) Draft maintenance manuals.

(c) List of components/parts (for maintainability trials)

33. FET would be conducted by trial team/nominated by SHQ, with rep of design agency as a member, in accordance with the trial directive. Specific platform(s); required for conducting FET will also be nominated and made available to the trial team. JPMT will coordinate the conduct of FET with the SHQ and trial team.

**Staff Evaluation**

34. The FET result, as applicable, the Staff Evaluation report will be accepted at the SHQs by the CISC/VCOAS/VCNS/DCAS/DG ICG.

35. Staff evaluation may also recommend for ‘Limited Validation Trials’ (LVT)/First of production Model (FOPM) trials, if required. Both LVT and FOPM trials shall address only those parameters not tested or proven in the FET, and considered essential by the SHQ.

**Commercial negotiations and processes thereafter**

36. Commercial negotiations by contract Negotiation Committee (CNC) and stages thereafter would be progressed as per provisions of DPP.

**Cases for Ex-post-facto AoN**

37. For on-going cases, where the development had commenced prior to accord of AoN, ex-post facto approval may be accorded by the DAC.

38. In case where the PA(s) are being nominated by the DRDO post development of prototype, the commercial RFP would be issued to the PA(s) nominated by DRDO/DPSU/OFB.
Appendix A

(Refer to Para 1 of Ch IV)

Flowchart for Acquisition of Systems Designed & Developed by DRDO/DPSU/OFB

1. Inputs on Cost, IC, Timelines by design agency
2. MOQ, Total Qty by SHQ
3. SHQ to initiate SoC for D&D by DRDO/DPSU/OFB
4. PSQRs & methodology to quantify and verify the PSQR parameters by SHQ
5. SHQ to initiate SoC for D&D by DRDO/DPSU/OFB
6. PSQRs & methodology to quantify and verify the PSQR parameters by SHQ
7. Issue of Project Sanction Letter
8. Identification of DcPP(s) by DRDO/DPSU/OFB
9. Issue of Trial Directive by SHQ
10. Conversion of PSQRs into SQRs
11. Design and Development
   - Conduct of Detailed Design Review (DDR)
   - Conduct of Critical Design Review (CDR)
   - Realisation of Prototype by DcPP
   - Developmental Trials
12. Field Evaluation Trials (FET)
13. Staff Evaluation
14. CNC
15. CFA Approval
16. Award of Contract/Supply Order
17. Contract of Administration & Post-Contract Management
CONSTITUTION AND ROLE OF JOINT PROJECT MANAGEMENT TEAM (JPMT)

1. All DRDO/DPSU/OFB projects would be monitored by the JPMT with members as indicated below.

2. The suggested constitution of JPMT is as follows:

(a) Two Star Rank officer from concerned SHQ - Chairman
(b) Director, Nodal Lab/GM of DPSU/OFB - Co-Chair
(c) Dy TM from MoD(Acqn Wing) - Member
(d) Reps of participating labs/DPSU/OFB - Member
(e) Rep of DISB, as applicable - Member
(f) User Rep - Member
(g) Rep of CEMILAC, if required - Member
(h) Rep of DGQA/AQA, if required - Member
(j) DFA/Dy. IFQ/Jt. IFA/Director (Fin) - Member
(k) Subject experts from R&D Centers/Academia/other DRDO labs, if required - Member
(l) Rep of Maintenance Agency, if required - Member
(m) Project Director of DRDO/DPSU/OFB - Member Secretary

Note: Chairman may co-opt/nominate other members as and when necessary.

3. JPMT shall meet bi-monthly. Chairman JPMT may call for a meeting of the team at a short notice during the critical phase of the project.

4. The role of JPMT is as follows:

(a) Reviewing detailed schematic/product Tree (indicating Bought out/BTP/BTS) with current status.

(b) Reviewing technical progress of project as per original Gantt/PERT chart clearly indicating any change from reference base line (milestones linked) financial outlay and timelines) prepared and approved at the time of sanction of the project.

(c) Discussion on unresolved technical issues and their proposed solutions.

(d) Deliberation on key issues including new issues brought up for approval.
(e) Review of procurement issues vis-à-vis expenditure debited, commitment made pipeline cases etc.

(f) Recommending enhancement of funds, PDC extension and closure of projects.

(g) Preparation of draft Trial Directive (methodology, timelines and platforms).

(h) Facilitate conduct of developmental trials and FET with service HQ.
CHAPTER IV

PROCEDURE FOR DEFENCE SHIP BUILDING
CHAPTER I

PROCEDURE FOR DEFENCE SHIP BUILDING

General

1. A Naval/Coast Guard ship consists of an assortment of equipment comprising weapons, sensors and support systems, along with propulsion, power generation and auxiliary systems. In addition, the warship design caters for the facilities for crew, fuel and provisions. The system integration of complex sensors and weapons between themselves and to the ship’s systems and combat management system is crucial for a ship design and construction project.

2. To achieve this successfully, a ship construction program, therefore, necessarily involves feasibility studies on the basis of the staff requirements, concept design, model tests, preliminary design, specialist design studies, detailed design, system integration, construction, tests and trials. It also involves technology application and transfer, selection of various equipment, development of new equipment, identification and purchase of a large number of items, including weapons and sensors, from numerous indigenous and foreign suppliers.

Preamble

3. In accordance with the Defence Procurement Procedure, Capital Acquisitions have been categorised under six main categories as described at Para 7 to 15 of Chapter I of DPP, namely; ‘Buy (Indian- IDDM)’, ‘Buy (Indian)’, ‘Buy and Make (Indian)’, ‘Buy and Make’, ‘Buy (Global) - Manufacturing in India’, Buy (Global), ‘Leasing’, ‘Design and Development/Innovation’, and ‘Strategic Partnership Model’. Naval shipbuilding is a capital and technology intensive complex activity that requires a separate procedure for design/construction/acquisition of naval ships, submarines, yard crafts, auxiliary ships and Coast Guard vessels through design/construction. This Chapter is divided into three sections as follows:

(a). Section ‘A’. Acquisition of Naval and Coast Guard Ships, submarines, yard crafts and auxiliary crafts etc of indigenous designs by IHQ MoD (N) to be constructed by DPSU shipyard(s) on nomination basis.

(b). Section ‘B’. Acquisition of Naval Ships, Coast Guard Ships, submarines, yard crafts and auxiliary crafts etc on competitive basis.

(c). Section ‘C’. Acquisition of Naval Ships of indigenous designs by IHQ MoD (N) to be constructed by shipyards on competitive basis.

4. Contract Operating Authority. The contract operating authority (COA/ DDG(M&M)) refers to the ability given at SHQ to act on behalf of the President of India in order to execute all activities towards completion of the shipbuilding contract. The nominated COA/ DDG(M&M) should be of the rank equivalent to Rear Admiral or above under whom the project is monitored and steered.

5. Actions indicated for Naval authorities in succeeding paragraphs would be carried out by Coast Guard authorities mutatis-mutandis, in cases where this procedure is followed for Coast Guard acquisitions.
SECTION ‘A’

ACQUISITION OF NAVAL AND COAST GUARD SHIPS, SUBMARINES, YARD CRAFTS AND AUXILIARY CRAFTS ETC BY NOMINATION TO DPSU

6. **Applicability.** This section is primarily applicable for acquisition of Naval/CG ships, submarines, auxiliaries, yard crafts and Coast Guard vessels of indigenous designs by IHQ MoD (N) to be constructed by DPSU shipyard(s) on nomination basis. However, it can be used as guidelines wherein the design is undertaken by the nominated shipyard(s) and/or construction through nomination to any other Indian shipyards.

7. **Procedure.** Naval Ship Building Procedure under this section will cover the following:-

(a). Outline Staff Requirements

(b). Acceptance of Necessity

(c). Nomination of Shipyards

(d). Preliminary Staff Requirements

(e). Preliminary Design

(f). Preliminary Build Specifications

(g). Build Strategy

(h). Budgetary and Estimated Costs

(i). Modifications and Contingency

(j). Contract Negotiations

(k). Approval of CFA

(l). Conclusion of Contract

(m). Detailed Design

(n). Procurement of Ship-borne Equipment

(o). Payment Terms

(p). Monitoring of Projects

(q). Revision of Cost

(r). Closure of the Project

(s). Liquidated Damages, if applicable
Outline Staff Requirements

8. IHQ MoD (N) are to prepare the Outline Staff Requirements (OSRs), which are to include the role of the ship, dimensions of its hull, limiting dimensions if any, capability of major machinery, weapons, sensors and details of accommodation, manpower, endurance etc.

9. The OSRs would form the basis on which the feasibility studies and concept design of the ship, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment are to be carried out.

Design Studies

10. Design Studies. In certain cases, the functional design studies for construction of major platforms could involve Model testing, CFD analysis, other consultancies/ design validation studies and procurement of design tools/ software/ hardware/ other design facilities. The expenditure for such consultancies/designs would be undertaken under delegated powers of respective CFA in consultation with IFA. The sanction for development of Front End Engineering Design (FEED) to develop concept design and to establish Technical requirements and guidelines including scope is also covered under this head. The selection of consultancies/services would be based upon Combined Quality Cum Cost Based System (CQCBS) outlined in MoF manual. The expenditure on the design studies wrt complexity of the ship is restricted as per the following categories:-

<table>
<thead>
<tr>
<th>Sl</th>
<th>Type of Vessel</th>
<th>Max Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aircraft Carriers</td>
<td>300 Cr</td>
</tr>
<tr>
<td>2</td>
<td>LPDs</td>
<td>100 Cr</td>
</tr>
<tr>
<td>2</td>
<td>Destroyers, Frigates and OPVs</td>
<td>50 Cr</td>
</tr>
<tr>
<td>3</td>
<td>Other Vessels</td>
<td>25 Cr</td>
</tr>
</tbody>
</table>

Acceptance of Necessity (AoN)

11. The proposal for induction of the ships is to be linked to the Maritime Capability Perspective Plan (MCPPP)/Five Years Plan which stipulates the numbers and type of vessels required as well as timelines for such inductions. The guidelines for accord of AoN would be as per Chapter II of DPP. The State of Case for the proposal is to be prepared by IHQ MoD (N) and processed in line with the details given in Para 28 of Chapter II of DPP. This will inter alia contain Outline Staff Requirements, broad category of weapons and sensors to be fitted on the ship along with the status of their indigenous development if applicable, operational necessity, approximate cost and budgetary provisions. The proposal is to clearly indicate whether it is a new design, Follow on ships or Follow on ships with substantial design/equipment changes. Separate case may be taken up to progress design work such as design validation studies, consultancy services and creation of design facilities including procurement of software/hardware, which will be projected to the AoN according authority, based on proposal in SoC.

Nomination of Shipyard

12. SHQ would undertake Technical Capacity Assessment of entities indicated, against objective parameters listed at Annexure I to Appendix ‘C’. Names of entities qualifying all Technical Parameters shall be forwarded to MoD/DDP and MoD/Acq Wing Prior Processing the case for accord of AON by the DAC. If more than one entity is nominated, the lead entity shall be indicated along with allocation of ships to each shipyard.
13. Cases for nomination of a yard for Coast Guard ships will also be approved by the DAC based on the merits of each case.

**Preliminary Staff Requirements**

14. On completion of the feasibility analysis/concept design, the OSRs are to be refined and the Preliminary Staff Requirements (PSRs) are to be promulgated based on the selected option of the concept design. The procedure for the Services Qualitative Requirements (SQRs) as set out at Para 20 to 27 of Chapter II of DPP shall be followed for new weapons and related sensors as appropriate.

**Preliminary Design**

15. Based on the promulgated PSRs, the preliminary design, including hull form design, weapons/sensors/equipment fit, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment, model tests, validation studies and other design activities are carried out by IHQ MoD(N) / Shipyard in consultation, as necessary. The propulsion package, weapons/sensors, hull equipment and engine equipment may be identified by the customer. Based on the necessity, SHQ may indicate the requirement for model test and other design validation studies as well as for augmentation of existing design facilities at Design/Production Directorate. This will be authorised at the time of seeking AoN.

16. Due to long gestation period in ship-building, there may be occasions when systems/equipment, which are still under development or those not fully evaluated, have to be considered in order to ensure that the ship, when ready, has the latest state of the art capabilities at the time of induction into service. The dates for freezing of developmental system would be indicated in the contract. Further, due to operational reasons, adaptation of developmental systems, shortfalls observed during installation/trials of equipment/systems etc may require modifications in design.

**Preliminary Build Specifications**

17. Based on the preliminary design, the Preliminary Build Specifications (PBS) of the vessel are to be prepared by SHQ and forwarded to the nominated shipyard(s). The SHQ and nominated shipyard will interact to finalise these and other related documents.

18. In cases where the vessel is not designed by IHQ MoD (N), the nominated shipyard will prepare the preliminary build ship specifications based on the PSRs and finalise these, along with draft contract and other related documents through interactions with SHQ.

**Build Strategy**

19. The nominated shipyard(s) is/are to propose a build strategy based on the preliminary build specifications, required delivery schedules, yard infrastructure and available resources. This would include the proposed construction schedule, Level 1 work breakdown structure, detailed master control network with resource allocation plan for utilisation of shipyard manpower, infrastructure and committed infrastructure up-gradation specific to the project, if applicable, outsourcing plan, the tentative procurement schedule for major long lead items, including weapons and sensors and the schedule for design documentation and drawings. This should also include shipyard’s plans to meet the resource requirements of the new project together with other on-going projects.
Budgetary Cost

20. After approval of the build strategy by IHQ MoD(N), the shipyard(s) is/are to forward a budgetary cost for the construction of the ship on the basis of the Build Strategy, along with draft contract.

21. **Budgetary Cost-New Design Ships/Follow-On Ships with Substantial Design/Equipment Changes.** In case of new design projects or Follow-on projects with substantial design/equipment changes, the shipyard will forward estimated budgetary cost broken down to the extent possible, into standard elements such as labour cost indicating number of man-days, overheads, direct expenses, profit payable to shipyard, specially contracted works, approximate cost of raw material, all major equipment, weapons, sensors and propulsion machinery chosen, freight, insurance, clearing charges, taxes, duties and levies on input materials and services etc as well as the expected year wise cash flow separately for fixed and variable component. The cost should take into account normal escalation in cost of various elements and known equipment and machinery as per the scheduled time of procurement, so as to arrive at an estimated completion cost. Details of cost elements, which cannot be assessed at this stage such as cost of new/developmental equipment, exchange rate variation etc should be explicitly indicated.

22. **Estimated Cost-New Design Ships/Follow-On Ships with Substantial Design/Equipment Changes.** The estimated cost of the project is to include the budgetary cost provided by the shipyard, costs towards project studies, functional design development through design bureaus/agencies and detailed design work by shipyard/specialist agencies. Augmentation of design facilities at Design/Production Directorate of Navy, creation of infrastructure and any other costs, if required in the shipyard etc are also to be reflected as separate items. Cost of supply of MRL - B&D spares, up to 15% (excluding levies, taxes and handling charges, transportation, insurance, service tax on handling charges etc) of the basic cost of the vessel cost of Commissioning STW, Testing and Tuning spares and Cost of Manufacturer's recommended list of On Board Spares (MRL-OBS), may also be included in the Estimated Cost, as applicable.

23. Variations in cost of equipment nominated to be supplied by a common single source, whether OFB, DPSU or private vendor will be paid as per the negotiated cost of BNE in the variable cost element of the project in accordance with Para 142 of Chapter II of the DPP. For new design ships, the estimated cost shall be as close to the final cost as possible explicitly indicating variable cost elements and projected cost of weapons, related sensors and other items under development, if any.

24. Cost for BFE integration (on a case to case basis) will be decided by the CNC.

25. **Budgetary Cost- Follow on Ships.** In case of ships of Follow on projects with minor design changes or equipment change requiring minimal design changes, the shipyard is to forward a firm cost for construction of the ship with variable element only for new and developmental systems, if any, in conformance with the Build Strategy, indicating the year wise requirement of funds.

26. **Estimated Cost-Follow On Ships.** The estimated cost should be carefully worked out based on the budgetary quote given by the nominated shipyard and should be broken down into fixed and variable cost elements, such as labour cost indicating number of man-days, overheads, direct expenses, profit payable to shipyard, specially contracted works, approximate cost of raw material, all major equipment, weapons, sensors and propulsion machinery chosen. Any other costs, if required in the shipyard etc, are also to be reflected as separate items. For the purpose of cost estimation of the complete project cost of supply of MRL-B&D spares, up to 15% (excluding levies, taxes and handling charges, transportation, insurance, service tax on handling
charges etc) of the basic cost of the vessel and Cost of Manufacturer's recommended list of On Board Spares (MRL-OBS), may also be included in the Estimated Cost, as applicable.

27. Variations in cost of equipment nominated to be supplied by a common single source, whether OFB, DPSU or private vendor in accordance with Para 142 of Chapter II of the DPP will be paid as per the negotiated cost of BNE, in the variable cost element of the project.

28. Cost for BFE integration (on a case to case basis) will be decided by the CNC.

29. Modifications. The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on a single modification applicable to one / all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

(a). COA/ DDG(M&M) without consultation of IFA for cases upto 5 Cr.
(b). CWP&A/ ADGCG without consultation of IFA for cases upto 10 Cr.
(c). CWP&A/ ADGCG with consultation of IFA for cases beyond 10 Cr.

Contingency.

30. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

(a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
(b) O&M - for additional services of engineers
(c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
(d) Augmentation of security measures with emerging threat perceptions
(e) Legal Proceedings
(f) To cover preservation cost of equipment wrt delay not attributable to shipyard
(g) Consultancy for resolution of technical problems which surface post trials.
(h) Any other unforeseen direct expenditure, with concurrence of COA.

Contract Negotiations
31. Before seeking the approval of CFA, negotiations on the price and the other aspects of the contract with shipyard are to be undertaken and concluded by a Contract Negotiation Committee (CNC). For specified equipment, the CNC is to clearly record obligation of Shipyard to seek Life Cycle Support proposals from OEMs for equipment specified in GLS as per details brought out at para 77 of Chapter II of DPP. The standard composition of the CNC shall be as indicated at Appendix G to Chapter II of this procedure.

Approval of CFA

32. The proposal for the design and construction of the ship is thereafter, to be taken up for the approval of the CFA.

33. The proposal for CFA approval should indicate the estimated cost of the project as brought out above, the time schedule for completion, spread of expenditure, availability of funds, categories and operational details of major weapons, sensors, propulsion machinery and other major equipment sought for fitment on the ship. The capability and potency of the weapons and related sensors may be clearly indicated in the draft CCS note.

34. While seeking CFA approval, the time schedule for the following activities as applicable may also be specifically indicated:-

(a). Freezing of SRs.

(b). Selection of weapons and sensors including those under development.

(c). Time required for project studies, design, model testing etc in case of projects involving concurrent development/design.

(d). Freezing of preliminary design.

(e). Broad ordering schedule for weapons and sensors, major equipment and propulsion machinery and also price negotiations with nominated shipyard for the entire project in case of Follow-on Projects.

(f). Time schedule for obtaining subsequent approval of CFA for new design ships, Follow on ships with substantial design/equipment changes.

35. **Follow On Ships.** For ‘Follow on Ships’, CFA approval would be sought on fixed price basis if there are minor changes in the design/equipment fit. In case of substantial changes in the design/equipment fit, CFA sanction is to be obtained in two stages in accordance with Para below.

36. **New Design Ships/Projects with Substantial Changes in Design/Equipment.** In cases of new design ships as well as Follow on projects with substantial changes in design/equipment vis-à-vis parent ship, where it is not possible to estimate the likely firm cost of components, subsequent approvals of the CFA need to be obtained as the cost elements are firmed up. In such cases, based on the first stage approval of CFA, the work on shipbuilding, viz., ordering of equipment and material and development of detailed/production design etc, and commencement of construction can start. The ordering of equipment under variable component will be progressed in accordance with diagram at Para 44. Thereafter, after firming up estimates of all
cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period, preferably within two years or as specified at the time of initial CFA approval on a case to case basis.

**Conclusion of Contract with the Shipyards**

37. The contracts should be on ‘Fixed Price’ basis for Follow-on ships and on Fixed plus Variable Price in case of new design or Follow-on ships with substantial design/equipment changes based upon the first stage CFA approval, indicating inter alia permissible price escalation, exchange rate variations, increase in statutory levies etc. However, variable price element would be indicated on not exceeding basis in the Supplementary Contract based on the 2nd stage CFA approval.

38. The contract is to be signed within a period of two months from the date of CFA approval. In cases, where subsequent CCS approvals are necessitated, Supplementary Contracts are to be signed within two months of such approval. In case of delay in signing of contract, approval of DG (Acq) is to be sought with full justification for the delay.

39. In view of the peculiarities associated with the design and construction of naval ships, illustrative contracts shall be promulgated separately by MoD/DDP for guidance.

40. Amendments to contracts concluded with the shipyards will be affected after due approval of MoD and MoD (Finance).

**Detailed Design**

41. On conclusion of contract, shipyard is to commence Detailed Design, order equipment & material and obtain binding data for the detailed design. The actual construction of the ship can, however, start in parallel along with the detailed design.

**Procedure for Procurement of Ship-borne Equipment**

42. **Procurement of Non-Weapon Equipment.** Procurement of long lead and other items are to be initiated at an early stage, to ensure timely availability based upon the construction schedule. Due to the peculiar nature of the ship construction activity, different procedures have to be followed for procurement of equipment and material for the ship. The procurement of all yard materials, ship borne hull equipment & material, associated fittings as well as Propulsion machinery and Engineering Equipment will be by the shipyard.

43. **Procurement of Weapons and Related Sensors.**

   (a) As indicated in Para 11 above, while seeking approval for Acceptance of Necessity and also CFA approval, the broad categories, operational details and potency of the weapons and related sensors to be fitted in the ship are to be indicated.

   (b) The categories of the weapons and related sensors shall be as approved by the CFA. As brought out in the diagram at Para 44, the procedure for procurement of weapons and sensors will be as follows:-

   (i) **Weapons and related Sensors to be imported from Abroad for the First Time.** Weapons and related sensors imported from abroad for the first time
may be processed for procurement as BFE. If these weapons and sensors are to be procured by the shipyard, Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). FET of such weapons and sensors may be carried out by IHQ MoD (N), through the shipyard. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period specified at the time of initial CFA approval. The placement of order would be by the shipyard. In both cases, prior approval of DAC/DPB will be required.

(ii) **Imported Weapons and Related Sensors Existing in Service.** Procurement of weapons and related sensors from foreign sources, which are existing in service or their upgraded versions, is to be carried out by the Shipyard. Technical Negotiations/Price Negotiations will be undertaken by a committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

(iii) **Indigenous Weapons and Related Sensors under Development or Existing in Service.** Procurement of indigenous weapons and related sensors under development or existing in service is to be carried out by the shipyard. Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

44. The procedure for procurement of ship-borne equipment is broadly depicted in the diagram below:-
<table>
<thead>
<tr>
<th>Hull Equipment and Material</th>
<th>Weapon &amp; related Sensors</th>
<th>Propulsion Machinery and Engineering equipment</th>
</tr>
</thead>
</table>

**Shipyard**

**INDIGENOUS** – Those systems that are developed/produced by Indian vendor, public or private, either by themselves or through technical collaboration

**IMPORT (New)** – In principle approval by DPB/DAC

**IMPORT (Existing in Service)** – Those weapons and systems which exist on earlier platforms and have been performing satisfactorily

Technical Negotiations/Price Negotiations of equipment by Committee constituted by shipyard with reps of Navy and MoD (Fin) and placement of order by shipyard

Procurement as Buyer Furnished Equipment (BFE)/order by shipyard wherein Technical Negotiations/Price negotiations of equipment by Committee constituted by shipyard with rep of Navy and MOD (Fin). IHQ of MoD (N) may carry out FET of such weapons and sensors through the shipyard

Technical Negotiations/Price Negotiations of equipment by Committee Constituted by shipyard with reps of Navy and MoD (Fin) and placement of order by shipyard
45. **Single Vendor Situations.** In cases where certain state-of-the-art new weapons and related sensors being manufactured by only one vendor are to be utilised, the procedure set out at Para 165 to 167 of Chapter II of DPP shall be followed.

46. **Inter Government Agreement.** In cases where the state-of-the-art new weapons and related sensors are available only in one country and an Inter Government Agreement is involved, the procedure set out at Para 168 and 171 of Chapter II of DPP shall be followed.

47. **Procurement on Strategic Considerations.** For acquisitions of new weapons and related sensors based on considerations of strategic partnerships, the procedure set out at Para 165 to Para 173 of Chapter II of DPP shall be applicable.

48. **Nomination of Equipment.** To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when soughtby the shipyard. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 45 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

49. **Life Cycle Support** The life cycle support of the ship would be defined under the following two main categories:-

(a) **Life Cycle Support of the Equipment** – The life cycle support requirement of major equipment/ category of equipment would be defined under Engineering Support package requirement of the equipment. The Engineering Support Package for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure 1 to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would also include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.

(b) **Life Cycle Support at Equipment Nomination stage.** For OEM nominated by SHQ including single vendor case, agreement for Life Cycle Support should be undertaken by SHQ with OEMs during vendor evaluation stage. Vendors who have given the undertaking to provide long term frame work contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man days rate for deputation of specialists are only to be included as an approved vendor of IN. SHQ may nominate equipment requiring Life Cycle Support for the shipbuilding project. A committee comprising members from SHQ (steering directorate and professional directorate) DDP (Dte of Standardisation) and shipyard will vet the list of equipment envisaged for Life Cycle Support for a shipbuilding project at RFP stage.
(c) **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/yard crafts, IN/ICG on case to case basis may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

**Payment Terms**

50. The payment terms for each shipbuilding project would be negotiated and finalised by the CNC since these are dependent upon the indigenous and import content of the equipment fit. However, a broad suggested payment schedule, for fixed price element, is placed at Appendix A, Appendix B and Appendix C for guidance.

51. Payment terms for augmentation/modernisation of shipyard infrastructure, where provided for, will be separately formulated, negotiated with the shipyard and finalised by the DDP.

52. **Payment Mode.** The Variable Cost element, where applicable, will be paid on actuals, within the overall ceiling of total variable cost approved by CFA. Payment of variable cost element would be done through opening of a separate project account. The interest accrued on this account will be credited to the Consolidated Fund of India. Shipyard can make payments against actual cost incurred for procurement after submission of relevant documents. Guidelines in this regard will be issued by MoD (Fin). One of the payment option to the shipyards would be through in land Letter of Credit

**Monitoring of Projects**

53. After conclusion of contract, physical construction activity is to commence at the shipyard. All shipbuilding projects are to be monitored as follows:-

(a). Six monthly review by an Apex Steering Committee under the Chairmanship of Secretary (DP) as notified by MOD.

(b). Committee under the chairmanship of CWP&A/ADGCG with members from MoD (Acq Wing/DP/Fin/DGQA/DGAQA/DGNAI), Design/Production Directorate, CDA (N) and shipyard that will monitor shipbuilding projects on a quarterly basis. Such reviews may be delegated to nominated reps on as required basis. A corresponding Committee may also be constituted by ICG.

(c). In case of ICG, the Committee would be headed by JS & AM (MS) with DDG (M&M), PD (Mat), FM (MS), TM (MS) and CMD of concerned project as members.

54. These committees shall be suitably empowered to ensure efficient execution of the project.

55. The Apex Steering Committee under the chairmanship of Secretary (DP) will consist of the following officers:-

(a). Additional Secretary (DP).

(b). Joint Secretary (NS), Member Secretary.

(c). Joint Secretary & Acquisition Manager (MS).

(d). Additional FA & JS (Defence PSUs).

(e). TM(_MS).
The terms of reference of the Steering Committee are as under:-

(a). To review the physical progress of the project with specified reference to compliance of milestones laid down for completion of various activities of ship construction.

(b). To monitor the financial progress of the project to ensure that the project progresses within the financial limits sanctioned by the Govt.

(c). To identify technical and administrative hold ups and give suitable directions so that the project proceeds as per the time schedule and cost approved by the Govt.

(d). To review fulfilment of contractual obligations at pre-determined stages.

(e). Any other matter requiring direction and guidance of the Steering Committee.

The secretarial assistance for the committee will be provided by the Naval System Division of Department of Defence Production. The Apex Steering Committee will meet at least once in six months.

**Approval of CFA for Revised Project Cost**

58. After the project is approved by CCS as in Para 32-36 above, the MoD, IHQ MoD(N)/ICG HQ, DDP and the shipyard will endeavor to ensure that the ship construction proceeds strictly as per the time schedule and cost approved by CCS. Since all the cost elements, both fixed and variable, including possible escalations on account of price, exchange rate variation, increase in statutory levies etc, are taken into consideration for estimating the project cost, there should not normally be any occasion/need for the project to slip either in time schedule or in cost. However, if due to any unavoidable circumstances, the project is likely to be delayed or the cost per ship as approved by CCS is likely to be exceeded, the following procedure is to be adopted for seeking approval of the Competent Authority for the revised cost:-

(a). Increase in project cost, which arises entirely due to change in statutory levies, exchange rate variation and price escalation within the originally approved project time cycle will be submitted to RM for approval.

(b). Increase in project cost up to 10% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the originally approved project time cycle) will also be submitted to RM for approval.
(c). Increase in project cost exceeding 10% but up to 20% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) will be submitted to RM and FM for approval.

(d). Increase in project cost exceeding 20% of the approved cost estimated by CCS (after excluding increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) due to reasons such as time overrun, under estimation, change in scope will be submitted to the CCS for approval.

(e). Statutory levies’ means State and Central Taxes, including import and export duties as notified by Govt of India and paid by the project authorities but excludes water, electricity charges and Petroleum, Oil & Lubricants (POL) price increases.

(f). No expenditure beyond the existing sanction can be incurred unless the revised project cost is approved by the Competent Authority as indicated above. However, in exceptional cases, in the interest of the project, if such a necessity arises, the procedure set out at Para 58 shall be followed. Sub-Paras (a) to (e) above are in line with the guidelines issued by Ministry of Finance vide O.M. No.1 (3)/PF II/2001 dated 18.2.2002.

(g). In all cases where the revised project cost overrun is over 20% and is accompanied by time overrun of over 10%, while seeking approval of CCS for the revised cost estimates and time schedule, accountability aspects for such cost and time overruns should be fixed and indicated in the CCS Note (in line with the guidelines of the Planning Commission issued vide letter No.14015/2/980PAMD dated 19th August, 1998). For fixing accountability, SHQ is to refer the Second Stage CCS proposal to a Revised Cost Committee (RCC) prior putting up for consideration by CCS. Recommendations of the RCC shall be incorporated into the CCS Note. Action taken by SHQ would be monitored by the RCC.

**Closure of the Project**

59. The cost analysis of the first ship of the project shall be carried out by a team led by Advisor Cost (DDP) within a period of 12 months from the second reading of the D-448 document check list, so that realistic and firm cost estimates for the other ships of the class can be worked out.

60. Closure of all accounts related to construction of a particular ship of the project is to be carried out by a Committee under the Acceptance Authority in SHQ within a time schedule of 24 months from first reading of the D-448 document check list of the ship. Any pending shipyard liabilities at the time of account closure should be mutually valuated by the Committee. The valuated amount should be deducted from the last stage payment.

61. The final closure of the ship construction project is to be carried out within the time schedule of 24 months from the first reading of the D-448 document check list of the last ship of the project. Where the final closure is not possible within the specified time frame, the approval of the competent authority for extension of the time limit shall be taken. The final closure of the project is important so that the exact costing can be worked out and approvals for the follow on projects can be obtained on a firm basis.
**Liquidated Damages**

62. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

(a) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.

(b) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of 1/100 of the delay percentage \( \text{Delay percentage} = \frac{\text{Period of Delay wrt the build period, in Weeks} \times 100}{\text{Build Period in weeks as per contract}} \) up to a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majure Clause to be factored in delivery period). Vessel cost is as defined at Para 2 of Annexure I to Appendix F of Schedule I to Chapter IV, excluding cost for BFE and B&D spares.

**Deviations and Exemptions**

63. If any deviations from the prescribed procedure are envisaged and any exemptions are to be taken, approval of DAC through DPB shall be sought, as prescribed at Para 176 to Para 177 of Chapter II of DPP.

**Review**

64. Review of the procedure would be undertaken by the DPB as per guidelines in force.
ACQUISITION OF NAVAL AND COAST GUARD SHIPS, SUBMARINES, YARD CRAFT AND AUXILIARIES ETC ON COMPETITIVE BASIS

65. **Applicability.** While the acquisition of ships on Nomination basis has been prescribed in Section A, the methodology to be followed for acquisition of ships, submarines, auxiliaries and yard crafts through competitive bidding on multi-vendor basis under the categories at Para 7 to 15 of Chapter I of DPP, namely; ‘Buy (Indian- IDDM)’, ‘Buy (Indian)’, ‘Buy and Make (Indian)’, ‘Buy and Make’, ‘Buy (Global)- Manufacturing in India’, Buy (Global), ‘Leasing’, ‘Design and Development/ Innovation’, and ‘Strategic Partnership Model’. The acquisition process under this section would be an amalgamation of the processes prescribed in Section A, read in conjunction with certain Clauses of Chapter II.

**Acquisition Process**

66. The process of acquisition of ships under this Procedure would involve following steps:-

(a) Request for Information (RFI)

(b) Staff Requirements (SRs).

(c) Acceptance of Necessity (AoN).

(d) Solicitation of offers.

(e) Evaluation of Financial Document by Financial Parameter Evaluation Team (FPET)

(f) Evaluation of Technical Offers from the Technical Evaluation Committee (TEC)

(g) Commercial negotiations by Contract Negotiation Committee (CNC).

(h) Approval of Competent Financial Authority (CFA).

(i) Award of Contract.

(j) Contract administration and post Contract management.

67. For cases being steered under 'Buy and Make (Indian)', the additional steps as envisaged at Para 44 to 53 of Chapter II of DPP would also be applicable.

68. The applicability of various provisions of Chapter I, II and Section A Chapter IV are enumerated below:-

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Steps Involved</th>
<th>Concordance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Staff Requirements (SRs).</td>
<td>Procedure for Outline Staff Requirements, AoN and PSR leading to SRs would</td>
</tr>
<tr>
<td></td>
<td></td>
<td>be guided by Para 8 and 14 of Section A, as applicable. AoN will be valid</td>
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<tr>
<td></td>
<td></td>
<td>for 18 months</td>
</tr>
<tr>
<td>(b)</td>
<td>Acceptance of Necessity (AoN)</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Solicitation of offers</td>
<td>(i)The Paras of Chapter under Group headings Solicitation of Offers, TEC and</td>
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<tr>
<td></td>
<td></td>
<td>CNC would be followed as applicable. RFP will be formulated and issued</td>
</tr>
<tr>
<td>(d)</td>
<td>FPET</td>
<td>post finalization of Guideline Specification.</td>
</tr>
<tr>
<td>S/No.</td>
<td>Steps Involved</td>
<td>Concordance</td>
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<tr>
<td>-------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(d)</td>
<td>Evaluation of Technical Offers by Technical Evaluation Committee (TEC)</td>
<td>[Paras 54 to 142 as applicable, of Chapter II]. SHQ will carry out Technical Capacity Assessment of entities at periodic interval in accordance with Guidelines at Appendix ‘C’ and forward recommendations to DG(Acq) for issue of RFP. The RFP shall include Financial Assessment Parameters would be undertaken prior commencement of TEC, by the Financial Parameter Evaluation Team (FPET), constituted by SHQ. FPET to be completed within four weeks. FPET shall include a Finance member (Rep from MoD (Fin) for non-delegated power case(s) and rep from PIFA/IFA (Cap) for delegated power case(s) in addition to listed TEC members. For delegated power cases in all situations, FPET would be approved by the SHQ. <strong>For MoD cases where all entities participating in the RFP are found complaint, the FPET report would be approved by the SHQ. However, in case an entity or entities participating in the RFP are non-compliant to the Financial Assessment Parameters, the FPET report would be approved by DG (Acq).</strong></td>
</tr>
<tr>
<td>(e)</td>
<td>Commercial Negotiations by Contract Negotiations Committee (CNC)</td>
<td><strong>(e) Commercial Negotiations by Contract Negotiations Committee (CNC)</strong> To be guided by Paras 147 to 152 of Chapter II. As regards Repeat order/Option clause, Para 158 to 159 of Chapter II would apply as applicable</td>
</tr>
<tr>
<td>(f)</td>
<td>Approval of Competent Financial Authority (CFA)</td>
<td>To be guided by Paras 147 to 152 of Chapter II. As regards Repeat order/Option clause, Para 158 to 159 of Chapter II would apply as applicable</td>
</tr>
<tr>
<td>(g)</td>
<td>Award of Contract</td>
<td>To be guided by Paras 153 of Chapter II. As regards Repeat Order/Option Clause. Para 158 to 159 of Chapter II would apply as applicable</td>
</tr>
<tr>
<td>(h)</td>
<td>Contract administration and post Contract management</td>
<td><strong>(h) Contract administration and post Contract management</strong> For monitoring of Project Para 175 of Chapter II would be applicable on the total Contract Cost as defined at Para 53 to 57 of Section A of Chapter IV.</td>
</tr>
<tr>
<td>(j)</td>
<td>Modification</td>
<td><strong>(j) Modification</strong> To be guided by Para 29 to 30 of Section A of Chapter IV.</td>
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</table>

69. **Procurement of Ship Borne Equipment.** The procurement of ship-borne equipment would be undertaken by the shipyard in accordance with the shipyards internal policy. Nominated Equipment/Buyer Furnished Equipment would be clearly defined in the RFP.

70. **Field Trials.** The requirement of Field Evaluation Trials, as per Para 94 of Chapter II of DPP, will not be applicable for procurement cases in respect of acquisition/construction of Ships, Submarines, Yard Craft and auxiliaries, etc. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc may be included in the SOC. The requirement of trials in the case of specialised new induction equipment/sensors being bought through the shipyard route should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON.

71. **Transfer of Technology (ToT).** In cases where ToT is being sought, the appropriate Production Agency (PA) would be approved by the DAC based on the recommendations of the DDP. Clauses in Chapter II covering ToT would apply in shipbuilding cases, as applicable. The PA could be selected from any of the public/private firms including a joint venture company based on the inputs from DDP and, if required, from DRDO. The RFP in such cases would spell out the requirements of TOT depending upon the depth of the technology which is required. Clauses related to ‘ownership of design’ or ‘manufacture under license’ need to be spelt out in the RFP. The
nominated Production Agency (PA) for the receipt of technology will be closely associated in the preparation of RFP.

72. Ship production being an inherently complex process, needs to be divided into clearly identifiable/tangible stages for monitoring. The payments made to the shipyards therefore need to be set against achievement of these stages which need to be clearly verifiable. In this regard, Guidelines for Payment terms for ships would be in accordance with Appendix A. The Payment Terms for yard craft is at Appendix B. All payments for non-deliverables will be secured with Bank Guarantees. In case a shipyard does not claim a stage payment till delivery (and claims it post delivery of vessel), there is no requirement to submit bank guarantee of equivalent amount at the time of claiming payment.

**Miscellaneous**

73. **Closure of Project, LD, Deviations, Modifications, Contingencies, and Exemptions.** For approval of cases for Closure of Project, LD, Deviations and Exemptions, Modifications, Contingencies provisions of Section A (Paras 55 to 58) would apply. For project monitoring, the provisions of Section A (__________) would apply.

74. **RFP.** All issues related to terms and conditions of procurement would be amplified in the RFP. A standardised RFP is placed as Schedule I to this Chapter.

75. **Nomination of Equipment.** To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when sought by the shipyard. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 24 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

76. **Modifications.** The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on a single modification applicable to one/all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

(a). COA/DDG(M&M) without consultation of IFA for cases upto 5 Cr.
(b). CWP&A/ADGCG without consultation of IFA for cases upto 10 Cr.
(c). CWP&A/ADGCG with consultation of IFA for cases beyond 10 Cr.

**Contingency.**

77. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies
wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

(a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
(b) O&M - for additional services of engineers
(c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
(d) Augmentation of security measures with emerging threat perceptions
(e) Legal Proceedings
(f) To cover preservation cost of equipment wrt delay not attributable to shipyard
(g) Consultancy for resolution of technical problems which surface post trials.
(h) Any other unforeseen direct expenditure, with concurrence of COA.

78. Life Cycle Support  The life cycle support of the ship would be defined under the following two main categories:-

(a) Life Cycle Support of the Equipment – The life cycle support requirement of major equipment/ category of equipment would be defined under Engineering Support package requirement of the equipment. The Engineering Support Package for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure I to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.

(b) Life Cycle Support of the Platforms – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ICG on case to case basis may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

79. The bank guarantee will be submitted by all the shipyards, including DPSUs, against non-deliverable stages. The deliverable stages would be defined in the RFP.
SECTION ‘C’

ACQUISITION OF NAVAL WARSHIPS OF INDIGENOUS DESIGN CONSTRUCTED BY INDIAN SHIYARDS ON COMPETITIVE BASIS

80. **Applicability.** This section is primarily applicable for acquisition of Naval warships of indigenous designs by IHQ MoD (N) to be constructed by DPSU Shipyard(s)/ Private Shipyard(s) on competitive basis.

81. **Procedure.** The process of acquisition of ship under this section would follow the following steps:-

   (a) RFI, if required
   (b) Staff Requirements
   (c) First Stage DAC Approval
   (d) Acceptance of Necessity (AoN)
   (e) Shortlisting of Shipyards (Based on Capacity Assessment)
   (f) Guideline Specifications (Including Functional Design Deliverable Set I)
   (g) Solicitation of Offers
   (h) Financial Parameter Evaluation by Team (FPET)
   (j) Evaluation of Technical offers by TEC
   (k) Commercial Negotiation by CNC
   (l) Approval of CFA
   (m) Award of Contract (Including Functional Deliverables Set II)
   (n) Detailed Design
   (p) Contract Administration, Post Contract Management and Monitoring
   (q) Modifications
   (r) Contingencies
   (s) Closure of the Project
   (t) Liquidated Damages, if applicable

**Outline Staff Requirements**

82. IHQ MoD (N) are to prepare the Outline Staff Requirements (OSRs), which are to include the role of the ship, dimensions of its hull, limiting dimensions if any, capability of major machinery, weapons, sensors and details of accommodation, manpower, endurance etc.

83. The OSRs would form the basis on which the feasibility studies and concept design of the ship, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment are to be carried out.
Preliminary Staff Requirements

84. On completion of the feasibility analysis/concept design, the OSRs are to be refined and the Preliminary Staff Requirements (PSRs) are to be promulgated based on the selected option of the concept design. The procedure for the Services Qualitative Requirements (SQRs) as set out as per Para 3 (c) above shall be followed for new weapons and related sensors as appropriate.

85. On finalization of PSRs, SHQ would prepare a Statement of Case for approval of DAC for induction of the ships linked to the Maritime Capability Perspective Plan (MCPP)/ Five Years Plan and also to commence functional design studies and consultancy services for evolving Function Design Deliverables Set I in accordance with promulgated SRs. In certain cases, the functional design studies for construction of major platforms could involve Model testing, CFD analysis, other consultancies/design validation studies and procurement of design tools/software/hardware/other design facilities. The expenditure for such consultancies/designs would be undertaken under delegated powers of respective CFA in consultation with IFA. The sanction for development of Front End Engineering Design (FEED) to develop concept design and to establish technical requirements and guidelines including scope is also covered under this head. The selection of consultancies/services would be based upon Combined Quality Cum Cost Based System (CQCBS) outlined in MoF manual. The expenditure on the design studies with respect to complexity of the ship is restricted as per the following categories:

<table>
<thead>
<tr>
<th>S No</th>
<th>Type of Vessel</th>
<th>Max Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Aircraft Carriers</td>
<td>300 Cr</td>
</tr>
<tr>
<td>(b)</td>
<td>LPDs</td>
<td>100 Cr</td>
</tr>
<tr>
<td>(c)</td>
<td>Destroyers, Frigates and OPVs</td>
<td>50 Cr</td>
</tr>
<tr>
<td>(d)</td>
<td>Other Vessels</td>
<td>25 Cr</td>
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</table>

Acceptance of Necessity (AoN) (Second Stage DAC Approval)

86. The proposal for accord of AoN (Second Stage DAC Approval) would be as per Para 28 of Chapter II of DPP and is to be initiated within 18 months of First Stage DAC Approval. The Statement of Case for the proposal is to be prepared by IHQ MoD (N) and processed in line with the details given in Para 28 of Chapter II of DPP. This will inter alia contain Staff Requirements, broad category of weapons and sensors to be fitted on the ship along with the status of their indigenous development, if applicable, operational necessity, functional design deliverables, approximate cost and budgetary provisions. RFP is to be issued within 18 months of AoN (Second Stage DAC Approval).

Capacity Assessment

87. SHQ will carry out a Technical capacity assessment of the shipyards and forward recommendations on the nomination of the shipyard for the project along with AON for approval by DAC.

Guideline Specification

88. Functional design Deliverable Set I leading to Guideline Specification essential for RFP are to be prepared by SHQ based on the promulgated PSRs, the preliminary design, including hull form design, weapons/sensors/equipment fit, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment, model tests, validation studies and other design activities carried out by IHQ MoD (N). The propulsion package, weapons/sensors, hull equipment and engine equipment may be identified by the customer.
Due to long gestation period in ship-building, there may be occasions when systems/equipment, which are still under development or those not fully evaluated, have to be considered in order to ensure that the ship, when ready, has the latest state of the art capabilities at the time of induction into service. The dates for freezing of developmental system would be indicated in the RFP. Further, due to operational reasons, adaptation of developmental systems, shortfalls observed during installation/trials of equipment/systems etc may require modifications in design.

Financial Parameters Evaluation by Team (FPET)

Prior to evaluation of the technical offers the financial parameters evaluation will be undertaken by the FPET in accordance with the guidelines stipulated at Appendix C. The technical offers of those firms which qualify FPE would be considered for the evaluation by the TEC.

Solicitation of Offers and Evaluation of Technical Offers by Technical Evaluation Committee (TEC)

To be guided by the provisions of Chapter II for short-listing of the vendor. The Paras 29 & 45 of Chapter II under Group headings Solicitation of Offers and Issue of RFP would be followed mutatis mutandis as applicable. RFP will be formulated and issued post finalisation of Guideline Specifications [Paras 29 to 57, except Para 31 and 75 to 86 of Chapter II].

Commercial Negotiations by Contract Negotiation Committee (CNC)

Before seeking the approval of CFA, negotiations on the price and the other aspects of the contract with shipyard are to be undertaken and concluded by a Contract Negotiation Committee (CNC). The standard composition of the CNC shall be as indicated at Appendix G to Chapter II of this procedure.

Approval of Competent Financial Authority (CFA)

To be guided by Paras 87 to 90 of Chapter II. As regards to Repeat Order/Option Clause, Para 96 to 100 of Chapter II would apply, as applicable.

Follow On Ships

For ‘Follow on Ships’, CFA approval would be sought on fixed price basis if there are minor changes in the design/ equipment fit. In case of substantial changes in the design/ equipment fit, CFA sanction is to be obtained in two stages in accordance with Para 93 below.

New Design Ships/ Projects with Substantial Changes in Design/ Equipment

In cases of new design ships as well as Follow on projects with substantial changes in design/ equipment vis-à-vis parent ship, where it is not possible to estimate the likely firm cost of components, subsequent approvals of the CFA need to be obtained as the cost elements are firmed up. In such cases, based on the first stage approval of CFA, the work on shipbuilding, viz., ordering of equipment and material and development of detailed/ production design etc, and commencement of construction can start. The ordering of equipment under variable component will be progressed in accordance with diagram at Para 44 of Section A to this Chapter. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period, preferably within two years or as specified at the time of initial CFA approval on a case to case basis. Guideline Specifications and Fixed Price component of the project are not to be revised/ changed during second stage CFA approval. The Variable Price component of the project would not be utilized for the purpose of L1 determination.
**Conclusion of contract.**

96. The complete Functional Design Deliverable Set II are to be handed over by SHQ to the contracting shipyard prior to conclusion of contract.

97. The contracts should be on ‘Fixed Price’ basis for Follow-on ships and on Fixed plus Variable Price in case of new design or Follow-on ships with substantial design/equipment changes based upon the first stage CFA approval, indicating inter alia permissible price escalation, exchange rate variations, increase in statutory levies etc. However, variable price element would be indicated on not exceeding basis in the Supplementary Contract based on the 2nd stage CFA approval.

98. The contract is to be signed within a period of two months from the date of CFA approval. In cases, where subsequent CFA approvals are necessitated, Supplementary Contracts are to be signed within two months of such approval. In case of delay in signing of contract, approval of DG (Acq) is to be sought with full justification for the delay.

99. In view of the peculiarities associated with the design and construction of naval ships, illustrative contracts shall be promulgated separately by MoD/DDP for guidance. Amendments to contracts concluded with the shipyards will be affected after due approval of MoD and MoD (Finance).

**Detailed Design.**

100. On conclusion of contract, shipyard is to commence Detailed Design, order equipment & material and obtain binding data for the detailed design. The actual construction of the ship can, however, start in parallel along with the detailed design.

**Contract Administration and Post Contract Management and Monitoring.**

101. Contract administration and post contract monitoring would be undertaken by COA.

102. All shipbuilding projects under this Section are to be monitored as follows:-

(a) Review by a steering committee headed by DG (Acquisition) at MoD with members from MoD, MoD (Fin), Controlling Ministry of the shipyard {MoD (DP) in cases of DPSUs, MoS reps in cases of PSUs, CMD of shipyard in cases of private shipyards}, CWP&A and COA. Member Secretary may co-opt members as required.

(b) Quarterly review by committee under chairmanship of CWP&A with members from MoD (Acq Wing/ DP (if applicable)/ Fin, Design/ Production Directorate, CDA (N) and shipyard will monitor shipbuilding projects on a quarterly basis. Such reviews may be delegated to nominated reps on as required basis. A corresponding Committee may also be constituted by ICG.

**Procurement of Ship Borne Equipment.**

103. The procurement of ship-borne equipment would be undertaken by the shipyard in accordance with the shipyards internal policy. Nominated Equipment/ Buyer Furnished Equipment would be clearly defined in the RFP.

104. **Procurement of Weapons and Related Sensors.**

(a) While seeking approval for Acceptance of Necessity (Second Stage DAC Approval) and also CFA approval, the broad categories, operational details and potency of the weapons and related sensors to be fitted in the ship are to be indicated.
The categories of the weapons and related sensors shall be as approved by the CFA. The procedure for procurement of weapons and sensors will be as follows:

(i) **Weapons and related Sensors to be imported from Abroad for the First Time.** Weapons and related sensors imported from abroad for the first time may be processed for procurement as BFE and the same needs to be indicated in the RFP. If these weapons and sensors are to be procured by the shipyard, Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). FET of such weapons and sensors may be carried out by IHQ MoD (N), through the shipyard. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period specified at the time of initial CFA approval. The placement of order would be by the shipyard. In both cases, prior approval of DAC/DPB will be required.

(ii) **Imported Weapons and Related Sensors Existing in Service.** Procurement of weapons and related sensors from foreign sources, which are existing in service or their upgraded versions, is to be carried out by the Shipyard. Technical Negotiations/Price Negotiations will be undertaken by a committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

(iii) **Indigenous Weapons and Related Sensors under Development or Existing in Service.** Procurement of indigenous weapons and related sensors under development or existing in service is to be carried out by the shipyard. Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

**Single Vendor Situations.**

105. In cases where certain state-of-the-art new weapons and related sensors being manufactured by only one vendor are to be utilised, the procedure set out at Para 165 to 167 of Chapter II of DPP shall be followed.

**Inter Government Agreement.**

106. In cases where the state-of-the-art new weapons and related sensors are available only in one country and an Inter Government Agreement is involved, the procedure set out at Para 168 of Chapter II of DPP shall be followed.

**Procurement on Strategic Considerations.**

107. For acquisitions of new weapons and related sensors based on considerations of strategic partnerships, the procedure set out at Para 165 to Para 173 of Chapter II of DPP shall be applicable.

**Field Trials.**

108. The requirement of Field Evaluation Trials, as per Para 94 of Chapter II of DPP, will not be applicable for procurement cases in respect of acquisition/construction of warships. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc. may be included in the SOC. The requirement of trials in the case of specialized new induction equipment/sensors being bought through the shipyard route
should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON.

**Payment Terms.**

109. **Fixed Element.** Ship production being an inherently complex process, needs to be divided into clearly identifiable/tangible stages for monitoring. The payments made to the shipyards therefore need to be set against achievement of these stages which need to be clearly verifiable. In this regard, a broad suggested payment schedule for fixed price element, is placed at Appendix A, Appendix C for guidance. All payments for non-deliverables will be secured with Bank Guarantees. In case a shipyard does not claim a stage payment till delivery (and claims it post-delivery of vessel), there is no requirement to submit bank guarantee of equivalent amount at the time of claiming payment.

110. **Variable Element.** The Variable Cost element, where applicable, will be paid on actuals, within the overall ceiling of total variable cost approved by CFA. Payment of variable cost element would be done through opening of a separate project account. The interest accrued on this account will be credited to the Consolidated Fund of India. Shipyard can make payments against actual cost incurred for procurement after submission of relevant documents. Guidelines in this regard will be issued by MoD (Fin).

**Modifications.**

111. The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on single modification applicable to one / all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

- (a) COA/DDG(M&M)-without consultation of IFA for cases upto 5 Cr.
- (b) CWP&A/ADGCCG without consultation of IFA for cases upto 10 Cr.
- (c) CWP&A/ADGCCG with consultation of IFA for cases beyond 10 Cr.

**Contingency**

112. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

- (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
- (b) O&M - for additional services of engineers
- (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
Augmentation of security measures with emerging threat perceptions

Legal Proceedings

To cover preservation cost of equipment wrt delay not attributable to shipyard

Consultancy for resolution of technical problems which surface post trials.

Any other unforeseen direct expenditure, with concurrence of COA.

**Approval of CFA for Revised Project Cost.**

113. After the project is approved by CFA, MoD, IHQ MoD (N), DDP and the shipyard will endeavor to ensure that the ship construction proceeds strictly as per the time schedule and cost approved. Since the projects under this section are on competitive bidding the only change feasible post first stage CFA sanction is the firm cost of variable price. Towards this the procedure outlined at Para 54 of Section A to Chapter IV is to be adopted for seeking approval of the Competent Authority for the revised cost incorporating the firm estimates of variable price components.

114. In cases of CCS, where cost revision is more than 20% of cost approved by CCS at Stage-I sanction and time overrun is more than 10% of time approved by CCS at Stage-I sanction, the proposal will be referred by SHQ to a Revised Cost Committee (RCC), prior putting up for consideration by CCS. Recommendations of the RCC shall be incorporated into the CCS Note. Action taken by SHQ would be monitored by the RCC. However, Guideline Specifications and Fixed Price component of the project are not to be revised/changed during second stage CFA approval.

**Closure of the Project**

115. Closure of all accounts related to construction of a particular ship of the project is to be carried out by a Committee under the Acceptance Authority in SHQ, within a time schedule of 24 months from first reading of the D-448 document check list of the ship. Any pending shipyard liabilities at the time of account closure should be mutually valued by the Committee. The valued amount would be deducted from the PWBG.

116. The final closure of the ship construction project is to be carried out within the time schedule of 24 months from the first reading of the D-448 document check list of the last ship of the project. Where the final closure is not possible within the specified time frame, the approval of the competent authority for extension of the time limit shall be taken.

**Liquidated Damages**

117. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

(a) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.

(b) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of 1/100 of the delay percentage \{Delay percentage = (Period of Delay wrt the build period, in Weeks) x 100 / (Build Period in weeks as per contract)\} upto a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majure Clause to be factored in delivery period). Vessel cost is as defined at
Para 2 of Annexure I to Appendix F of Schedule I to Chapter IV, excluding cost for BFE and B&D spares.

**Deviations and Exemptions**

118. If any deviations from the prescribed procedure are envisaged and any exemptions are to be taken, approval of DAC through DPB shall be sought, as prescribed at Para 176 to Para 177 of Chapter II of DPP.

**Miscellaneous**

119. **RFP.** All issues related to terms and conditions of procurement would be amplified in the RFP. A standardised RFP is placed as Schedule I to this Chapter.

120. **Nomination of Equipment.** To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when sought. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 102 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

121. In case of competitive bidding, bank guarantees will be submitted by all shipyards, including DPSUs, against non-deliverable stages. The deliverable stages will be defined in the RFP.

122. **Life Cycle Support.** The life cycle support of the ship would be defined under the following two main categories:-

(a) **Life Cycle Support of the Equipment** – The life cycle support requirement of major equipment/ category of equipment would be defined under Engineering Support package requirement of the equipment. The Engineering Support Package for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure I to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.

(b) **Equipment Nomination for Life Cycle Support.** For OEM nominated by SHQ including single vendor case, agreement for Life Cycle Support should be undertaken by SHQ with OEMs during vendor evaluation stage. Vendors who have given the undertaking to provide long term frame work contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man days rate for deputation of specialist are only to be included as an approved vendor of IN”. SHQ may nominate equipment requiring Life Cycle Support for the shipbuilding project. A committee comprising members from SHQ(steering directorate and professional directorate),DDP(Dte of Standardisation) and shipyard will vet the list of equipment envisaged for Life Cycle Support for a shipbuilding project at RFP stage.
(c) **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ICG may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

123. **Preparatory Period.** To achieve design maturity for the first ship of new design projects as well as follow on projects with substantial changes in design/ equipment via-a-vis parent ship, preparatory period (not exceeding 60% of the built period) may be admissible.
## TERMS OF PAYMENT - SHIPS

The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructure, imports, design considerations and development of indigenous technology. The payment of Advance and Stage Payments would be disbursed through Escrow account of Shipyard. However, some broad guidelines for payment terms for multivendor cases are appended below:

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel's Fixed Cost</th>
<th>Activity</th>
<th>Schedule to be finalized during CNC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>10%</td>
<td>With signing of contract (10% of Contract Cost)</td>
<td></td>
</tr>
</tbody>
</table>
| II    | 10%                      | (a) Proof of ordering steel/ Hull Construction  
(b) Submission Cardinal date programme / Production PERT | |
| III   | 10%                      | (a) Submission of Drawing Schedule  
(b) Submission of detailed network of activities including Work Breakdown up to launching a Vessel  
(c) Submission of main hull structural drawing  
(d) Order for all major pre-launch items finalized and placed | |
| IV    | 5%                       | (a) Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Submission of equipment installation schedule | |
| V     | 5%                       | (a) Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Completion of main engines, gear boxes, griders & Seatings/m/c seating as applicable to erecting of 60% hull | |
| VI    | 10%                      | (a) Completion of 25% physical progress of construction and submission of weight analysis for first ship series only  
(b) All access holes to be cut and preparation of main seating in m/c compartment  
(c) Placement of order for majority equipment & systems affecting conduct of basin trials | |
| VII   | 5%                       | (a) Pressure test of built in tanks  
(b) Manufacture/procurement of W/T doors and hatches  
(c) Submission of network of balance activities upto delivery alongwith resource allocation | |
| VIII  | 15%                      | (a) Completion of machinery, equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only  
(b) Launching of the vessel or equivalent stage of construction reached | |
<p>| IX    | 5%                       | Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only | |
| X     | 5%                       | Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only | |</p>
<table>
<thead>
<tr>
<th>XI</th>
<th>5%</th>
<th>Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only</th>
</tr>
</thead>
<tbody>
<tr>
<td>XII</td>
<td>5%</td>
<td>Completion of Basin Trials</td>
</tr>
</tbody>
</table>
| XIII | 2.5% | (a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships  
(b) Successful completion of CST  
(c) Completion of Training |
| XIV | 2.5% | (a) Successful completion of FMT  
(b) Stowage of all onboard spares  
(c) All Documents, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(d) Completion of first reading of D-448 and acceptance of vessel  
(e) Handing over of life cycle support contracts of designated equipments. |
| XV  | 5% | On completion of final reading of D 448 and completion of all guarantee liabilities |

**Note:**
Payment to be made as per the defined stages and not necessarily to be linked with the sequence. For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
Appendix A-2 to Chapter 1  
(Refers to Paras 46 and 67 of  
Chapter IV of DPP 20)

**TERMS OF PAYMENT- SUBMARINES**

The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructure, imports, design considerations and development of indigenous technology. The payment of Advance and Stage Payments would be disbursed through Escrow account of the Shipyard. However, some broad guidelines for payment terms for multivendor cases are appended below:-

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel’s Fixed Cost</th>
<th>Activity</th>
<th>Schedule to be finalized during CNC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>10%</td>
<td>With signing of contract (10% of Contract Cost)</td>
<td></td>
</tr>
</tbody>
</table>
| II    | 10%                      | (a) Proof of ordering steel/ Hull Construction  
(b) Submission Cardinal date program me /Production PERT                                                                                      |                                    |
| III   | 15%                      | (a) Submission of Drawing Schedule  
(b) Submission of detailed network of activities including Work Breakdown up to launching a Vessel  
(c) Submission of main hull structural drawing  
(d) Order for all major pre-launch items finalized and placed |                                    |
| IV    | 5%                       | (a) Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Submission of equipment installation schedule                                                                                           |                                    |
| V     | 5%                       | (a) Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Completion of main engines, gear boxes, griders & Seatings/m/c seating as applicable to erecting of 60% hull |                                    |
| VI    | 5% 15%                   | (a) Completion of 25% physical progress of construction and submission of weight analysis for first ship series only  
(b) All access holes to be cut and preparation of main seating in m/c compartment  
(c) Placement of order for majority equipment & systems affecting conduct of basin trials |                                    |
| VII   | 5%                       | (a) Pressure test of built in tanks  
(b) Manufacture/procurement of W/T doors and hatches  
(c) Submission of network of balance activities upto delivery along with resource allocation |                                    |
| VIII  | 15%                      | (a) Completion of machinery, equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only  
(b) Launching of the vessel or equivalent stage of construction reached |                                    |
<p>| IX    | 2.5%                     | Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only                                                                                   |                                    |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>2.5%</td>
<td>Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only</td>
</tr>
<tr>
<td>XI</td>
<td>2.5%</td>
<td>Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only</td>
</tr>
<tr>
<td>XII</td>
<td>2.5%</td>
<td>Completion of Basin Trials</td>
</tr>
</tbody>
</table>
| XIII | 2.5% | (a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships  
(b) Successful completion of CST  
(c) Completion of Training |
| XIV | 2.5% | (a) Successful completion of FMT  
(b) Stowage of all onboard spares  
(c) All Documents, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(d) Completion of first reading of D-448 and acceptance of vessel  
(e) Handing over of life cycle support contracts of designated equipments. |
| XV | 5% | On completion of final reading of D 448 and completion of all guarantee liabilities |

Note:-
Payment to be made as per the defined stages and not necessarily to be linked with the sequence. For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
Appendix B to Chapter 1  
(Refers to Paras 46 and 67 of  
Chapter IV of DPP 20)

**TERMS OF PAYMENT - YARD CRAFTS/AUXILIARIES**

In addition to the broad guidelines indicated in Appendix A to Chapter IV, a seven stage indicative guideline for yard crafts is given below:-

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel’s cost</th>
<th>Activity</th>
<th>Pre-Requisites</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5%</td>
<td>On signing of the Contract (10% of Contract of the cost)</td>
<td>On submission of bank guarantee of equal value and performance – cum-Warranty Bond of 5% of the contractual cost. DPSUs may submit indemnity bond when nominated.</td>
</tr>
</tbody>
</table>
| II    | 20%                | (a) Proof of ordering of steel/Hull construction Material  
(b) Submission of cardinal date  
(c) Submission of main hull structural drawings.  
(d) Order for all major pre-launch items finalized and placed  
(e) Order for all major pre-launch items finalized and placed.  
(f) Erection of equipment schedule.  
(g) Submission of equipment of equipment schedule.  
(h) Completion of main engines, Gear box girders & seatings / machinery seatings as applicable to erection of 40% hull. | To be certified by owner’s rep/overseer. |
| III   | 10%                | (a) Completion of main engines, gear box girders & seatings /machinery seatings as applicable to erection of 70% hull.  
(b) All access holes to be cut and preparation of main seatings in machinery compartment.  
(c) Manufacture /procurement of W/T doors and hatches  
(d) Pressure test of built in tanks  
(e) Submission of network of balance | To be certified by Owner’s rep/Overseer. |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>activities</th>
</tr>
</thead>
</table>
| IV | 15% | (a) Erection of 100% main hull  
(b) Placement of order for major 
equipment & system affecting conduct  
of basin trials  
(c) Pressure test of built in tanks  
(d) Submission of network of balance activities |
| V  | 15% | (a) Completion of installation of 
machinery, equipment and fittings with 
the associated systems required for 
reaching pre launch stage.  
(b) Launching of vessels or equivalent 
stage of construction reached.  
Note. If large amount of machinery is to 
be placed after the launch of the vessel, 
this stage may be split into two @10% or 
7.5% each |
| VI | 30% | (a) Completion of Basin Trials  
(b) Completion of inclining experiment and draft survey for subsequent crafts  
(c) Successful completion of contractor’s sea trials (form part of vessel acceptance trials)  
(d) Successful completion of final machinery trials  
(e) Stowage of all on-board spares  
(f) All documentation, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(g) Completion of first reading of D-448 and acceptance of the vessel. |
| VII | 5% | All defects, deficiencies and contractor’s liabilities including guarantee repairs & dry docking to be completed. |

**Note :-**
Payment to be made as per the defined stages and not necessarily to be linked with the sequence.
For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
GUIDELINES ON CAPACITY ASSESSMENT
INDIAN SHIPBUILDING ENTITIES

1. In accordance with Para 12 & 68 of Chapter IV (Procedure for Defence Ship Building) of DPP 20, there is a need to undertake Capacity Assessment of a shipbuilding entity (shipyard/company/JV) prior recommending an entity for nomination/issuance of RFPs for ship or yardcraft construction. This is aimed at determining the capability of the entity to undertake the intended shipbuilding activity. The assessment would include technical & financial capacity/capability including infrastructure of the entity. Such an assessment would ensure that only entities with requisite capacity and capability are permitted to participate in the Indian Naval ship and yard craft building projects.

2. **Technical and Financial Assessment Parameters.**

(a) **Technical Capacity Assessment (TCA) Parameters.** Technical Capacity Assessment of the entities would be undertaken against objective parameters listed at Annexure I for each ship category. **It is mandatory for the bidder to qualify all parameters listed at Annexure I.**

(b) **Financial Assessment Parameters.** Financial Assessment Parameters for each category of ship defined at Annexure II would be included in the EFP of the project. Assessment of the financial status of the entity vis-à-vis the parameters indicated in the RFP would be undertaken prior to commencement of TEC, by the Financial Parameter Evaluation team (FPET), constituted by SHQ with broad time frame for completion being 04 weeks from the dated of opening of Technical Bids. FPET shall include a Finance member {Rep from the MoD (Fin) for non-delegated power case(s) and rep form PIFA (Cap) for delegated power case(s)} in addition to listed TEC members, FPET would be completed within four weeks. For delegated power cases in all situations, FPET would be approved by the SHQ. For MoD cases where all entities participating in the RFP are found compliant, the FPET report would be approved by the SHQ. However, in case an entity or entities participating in the RFP are found non-compliant to the Financial Assessment Parameters, the FPWT report would be approved by DG(Acq). TEC would be progressed only for entities qualifying the stipulated financial parameters.

3. **Assessment of Entities**

(a) **Acquisition by Nomination.** If validity of Technical Capacity Assessment of entities proposed for nomination by MoD/DDP for a particular project/ship category has expired, SHQ would undertake Technical Capacity Assessment of entities indicated, against objective parameters listed at Annexure I. Names of entities qualifying all Technical Parameters, shall be forwarded to MoD/DPP and MoD/Acq Wing prior processing the case for AoN.
(b) **Acquisition of Competitive Basis.** The procedure for assessing the entities for undertaking a project on Competitive Basis is amplified in the subsequent paragraphs.

4. **Technical Capacity Assessment.** The Technical Capacity Assessment of entities including DPSUs/PSUs/State PSUs and private entities would be undertaken as per the amplification orders to be issued by SHQ, by a Standing Committee comprising of the following and would be approved by CWP&A:-

<table>
<thead>
<tr>
<th>(a)</th>
<th>ACWP&amp;A</th>
<th>- Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>Commodore(SP)</td>
<td>- Member</td>
</tr>
<tr>
<td>(c)</td>
<td>PD (Ship Acq)</td>
<td>- Member</td>
</tr>
<tr>
<td>(d)</td>
<td>Rep IHQ MoD ((N)/DND (Captain)- Member</td>
<td></td>
</tr>
<tr>
<td>(e)</td>
<td>Rep IHQ MoD ((N)/DNP</td>
<td>- Member</td>
</tr>
<tr>
<td>(f)</td>
<td>Cdr(SP)</td>
<td>- Member Secretary from IHQ MoD(N)</td>
</tr>
</tbody>
</table>

5. **Initiation of Technical Capacity Assessment (TCA).** The Technical Capacity Assessment of entity would be coordinated by SHQ, on either of the following occasions for which amplifying orders shall be issued by SHQ:-

<table>
<thead>
<tr>
<th>(a)</th>
<th>On application as new entity, or, on expiry of its existing validity.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>If an entity whose Technical Capacity Assessment has not been undertaken over the last two years responds to the RFI for construction of a Naval/ICG vessel/yardcraft.</td>
</tr>
<tr>
<td>(c)</td>
<td>Entity responding for a project of a higher category (higher than the technically cleared lower category) subject to meeting the Technical parameters at Annexure I.</td>
</tr>
<tr>
<td>(d)</td>
<td>As and when deemed necessary by SHQ/MoD.</td>
</tr>
</tbody>
</table>

6. **Technical Capacity Assessment Procedure.** As a part of fresh TCA, the technical assessment shall be undertaken as follows:-

| (a)       | Technical Capacity Assessment by Warship Overseeing Team (WOT). |

| (i)       | Details of infrastructure available would be sought from entities by SHQ, to assess parameters provided in Annexure I to these Guidelines. Entities failing to provide all relevant documents within three months of the notice would be given an additional month for submitting the requisite documents, failing which an entity would be declared ‘Not Qualified’ and would not be eligible for participating in any RFP (for ship categories for which valid TCA Certificate is not held) for the next six months, or, till obtaining TCA certificate for SHQ, whichever is later. |

| (ii)      | The relevant WOT shall carry out initial technical capacity assessment of the entity’s capacity and capability. |
(iii) The Technical Capacity Assessment would entail physical inspection of the entity’s facilities and infrastructure, to validate the TCA pro-forma/inputs submitted by the entity.

(iv) The initial technical capacity assessment report, along with the nominated WOT recommendations, would be forwarded to SHQ for appraisal and approval.

(b) **Technical Capacity Assessment Report**

(i) The Standing Committee would thereafter study the initial Technical Capacity Assessment report and visit the concerned entity, as necessary, as per the amplification orders to be issued by SHQ.

(ii) Additional members, where and if required, may be co-opted into the committee, to validated specific issues/aspects of the entity being assessed.

(iii) If the entity is found suitable, a Technical Capacity Assessment (TCA) certificate shall be issued by SHQ, indicating the maximum light ship displacement, LOA, beam, draught and air draught (as applicable), along with the approved categorisation for which the entity has been cleared, based on the entity’s infrastructure. The TCA to be issued within 45 days of receipt of all documents, shall remain valid for two years from the date of issue.

(iv) If any entity is found unsuitable, it shall be informed of areas on which they have been disqualified.

7. RFPs for construction of warships and yardcraft are to be issued only to entities with a valid Technical Capacity Assessment certificate for type/category of vessel cleared. Entities failing to either submit complete documents within the stipulated period of three months, or failing to meet the stipulated criteria, would not be considered for issuance of RFP (for ship categories for which valid TCA Certificate is not held), for the next six months or till obtaining TCA certificate, whichever is later.

8. **Re-validation of Technical Capacity Assessment.** The entity is required to forward to IHQ Mod (N)/DSP, all requisite documents as per the TCA proforma, three months prior to expiry of Technical Capacity Assessment. In the eventuality of an entity not submitting valid documents or an entity whose TCA is pending at SHQ due to non-submission of complete documents, the entity would be given an additional month for submitting the requisite documents, failing which the entity would be declared ‘Not Qualified’ and would not be eligible for participating in any RFP (for ship categories for which valid TCA Certificate is not held) for the next six months, or till obtaining TCA certificate from SHQ, whichever is later.
### TECHNICAL CAPACITY ASSESSMENT PARAMETERS FOR SHIPBUILDING PROJECTS

<table>
<thead>
<tr>
<th>Sl</th>
<th>Category/Type of Vessels Naval/ICG Ship Category</th>
<th>CAT A</th>
<th>CAT A*</th>
<th>CAT B</th>
<th>CAT C</th>
<th>CAT D</th>
<th>CAT D*</th>
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<tr>
<td>1.</td>
<td>Warship Construction License</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Mandatory for Starred (*) ships. Class certification on stability to be provided for remaining</td>
<td>Not mandatory. Class certification on stability to be provided</td>
</tr>
<tr>
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<td>Non-Propelled Yardcraft (Yardcraft,Barges, Pontoons etc)</td>
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</table>

2. Building Dock/Slipway/Ship Lift Features for ships as defined at TCA#

- Building Dock/Slipway/Ship Lift for ship more than 5,000T Light ship Displacement, LOA greater than 125m, and draught greater than 5 m
- Building Dock/Slipway/Ship Lift for ship lesser than 5,000T Light ship Displacement, LOA greater than 90m, and draught lesser than 5 m
- Building Dock/Slipway/Ship Lift for ship lesser than 4,000T Light ship Displacement, LOA greater than 60m, and draught lesser than 4 m
- Building Dock/Slipway/Ship Lift for ship more than 5,000T Light ship Displacement, LOA greater than 125m, and draught lesser than 4 m
- Building Dock/Slipway/Ship Lift for ship lesser than 1,000T Light ship Displacement, LOA greater than 8m, and draught lesser than 3 m
- Building Dock/Slipway/Ship Lift/Building Berth for ships lesser than 500T Light Ship Displacement

# The Technical Capacity Assessment (TCA) certificate issued by SHQ would indicate the maximum light ship displacement, LOA, beam, draught and air draught (as applicable), along with the approved categorisation for which the entity has been cleared. This would be based on the entity’s shipbuilding dock/slipway/ship-lift infrastructure.
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<td>Weapon Intensive Warships (Wt&lt;5000T) Frigates, Corvetters, etc</td>
<td>Low Weapon Intensive Warships (LCV,OPV,A SW craft, Missile Vessels, Training Ships, Pollution Control Vessel, MPV, etc)</td>
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<td>Non-Propelled Yardcraft (Yardcraft,B arges, Pontoons etc)</td>
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<tr>
<td>3. Water Frontage/Outfitting &amp; Berthing Facilities with support services</td>
<td>Berth greater than 125m with water depth greater than 5m (at all times)</td>
<td>Berth greater than 90m with water depth greater than 4m (at all times)</td>
<td>Berth greater than 60m with water depth greater than 4m (at all times)</td>
<td>Berth greater than 40m with water depth greater than 3m (at all times)</td>
<td>Firms to indicate modalities of floating out and outfitting.</td>
<td>Firms to indicate modalities of floating out and outfitting.</td>
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<tr>
<td>4. Lifting capacity</td>
<td>Capability to lift Minimum 150T on building berth and 50T on outfitting berth with all round reach</td>
<td>Capability to lift Minimum 100T on building berth and 25T on outfitting berth with all round reach</td>
<td>Capability to lift Minimum 40T on building berth and 20T on outfitting berth with all round reach</td>
<td>Capability to lift Minimum 10T on building berth and 05T on outfitting berth with all round reach</td>
<td>Capability to lift Minimum 5T on building berth and 02T on outfitting berth with all round reach</td>
<td>Capability to lift Minimum 1T on building berth and 01T on outfitting berth with all round reach</td>
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<td>5. Steel Stockyard Capacity</td>
<td>Storage for 8,000T steel</td>
<td>Storage for 5,000T steel</td>
<td>Storage for 3,000T steel</td>
<td>Storage for 1500T steel</td>
<td>Storage for 300T steel</td>
<td>Storage for 100T steel</td>
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<tr>
<td>SI</td>
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</tr>
<tr>
<td>7.</td>
<td>Steel bending and forming facility</td>
<td>In-house for thickness till 20mm</td>
<td>In-house for thickness till 20mm</td>
<td>In-house for thickness till 20mm</td>
<td>Lesser than 12mm (Firms to indicate in-house/outsourced capacity)</td>
<td>Lesser than 12mm (Firms to indicate in-house/outsourced capacity)</td>
<td>Lesser than 8/10mm (Firms to indicate in-house/outsourced capacity)</td>
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<tr>
<td>8.</td>
<td>Exposure to Shipbuilding</td>
<td>Demonstrated capacity in Construction and successful</td>
<td>Demonstrated capacity in Construction and successful</td>
<td>Demonstrated capacity in Construction and successful</td>
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<tr>
<td>Parameter</td>
<td>Weapon Intensive Warships Destroyers and Frigates, etc (Wt&gt;5000T)</td>
<td>Delivery of at least one Warship of CAT ‘A’* / B except LCU/PCV with experience in installation of weapons/ Sensors</td>
<td>Delivery of at least one Warship of CAT B except LCU/PCV with experience in installation of weapons/ Sensors</td>
<td>Delivery of at least one ship of CAT C</td>
<td>Delivery of at least one Warship of CAT C or a self-propelled vessel of light ship displacement greater than 500T.</td>
<td>Delivery of at least one non-propelled vessel (as applicable)</td>
<td>Delivery of at least one non-propelled vessel (as applicable)</td>
</tr>
</tbody>
</table>

**Note 1:**
(a) For Platforms larger than those indicated in CAT ‘A’, eligible shipyard would be shortlisted by an appraisal committee on a case to case basis.
(b) For platforms not defined in the above categorisation, the TCA committee based on the platform’s role, maximum light ship displacement, LOA, beam, draught and air draught (as applicable) and capabilities, would forward recommendation on the platform’s categorisation for approval by DG(Acq).
(c) In eventually of a new entity taking over an Indian shipyard/entity, the existing exposure to shipbuilding of the Indian shipyard/new entity would be considered in for the above Categorisation.
(d) The following additional condition would be applicable for undertaking TCA of a Joint Venture:
   (i) The Joint Venture firm should be a registered Indian company having ‘Warship Construction licence’ or ‘Class Certification’ as indicated at SI 1 of the Table.
(ii) The assessment would be undertaken based on the technical infrastructure available in India, either with the JV firm or with individual JV members.

(iii) For considering eligibility in the criteria of ‘Exposure to Shipbuilding’, either the capability of the JV firm or of at least one of its members would be considered.

Note 2 : - Indicative list of Documents to be submitted by entities for Technical Capacity Assessment is as follows:

| (a) | Type of Entity- Size/ Classification of Entity (Proprietary/ Partnership/ Public Limited Company/ Government PSU/ JV/ Small Scale/ Medium Scale/ Large Scale Entity) |
| (b) | Warship Production & Factory License |
| (c) | Valid/ Current Certification of Class for Building Dock, slipway, ship lift with dimensional details clearly indicating the maximum light ship displacement, LOA, beam, draught and air draft (as applicable) of vessel which can be handled. |
| (d) | Valid/ Current Certification of Class for water frontage/ jetty/ outfitting and berthing facilities clearly indicating dimensional details of berth available with minimum depth at all times. |
| (e) | Details of Load test/ safe to work certificate clearly indicating lifting capacity of cranes hoists and horizontal transporters at building dock, outfitting jetty, inside shops, mobile cranes and Gantries along with details of largest block that can be handled. |
| (f) | Details with layout (approved by Factory Inspector) of the shipyard indicating the capacity of app covered and uncovered areas of Steel Stockyard, Blasting & Printing, Equipment Stores, Hull Production Shop, Pipe Production Shop, Galvanizing Bay, Machine Shop, Pre-Outfitting Shop, Paint Shop & Paint Store and Electrical Shop. |
| (g) | Self-Certification of facilities indicating the minimum capacity of monthly steel fabrication. |
| (h) | Self-Certification of facilities like welding, forming, cutting, bending, blasting, pipe fabrication, control techniques to minimise deformations and other production machinery & electrical installations indicating technical specifications and in house capabilities. |
| (j) | Details of Ships delivered classified by tonnage and propulsion. |
| (k) | Details of Collaboration if any (Indian/Foreign) |
| (m) | Copy of certificate from ISO and OHSAS |
| (n) | Additional documents iaw amplification orders issued by SHQ |
FINANCIAL ASSESSMENT PARAMETERS FOR SHIPBUILDING PROJECTS

<table>
<thead>
<tr>
<th>Eligibility and Qualification Criteria</th>
<th>CAT F1</th>
<th>CAT F2</th>
<th>CAT F3</th>
<th>CAT F4</th>
<th>CAT F5</th>
<th>Documentation Required (To be submitted along with the bid)</th>
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<tbody>
<tr>
<td>Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project</td>
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<tr>
<td>Sl</td>
<td>Subject</td>
<td>Requirement</td>
<td>Rs 3000 Cr and above</td>
<td>Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr</td>
<td>Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr</td>
<td>Greater than Rs 25 Cr and less than or equal to Rs 75 Cr</td>
</tr>
<tr>
<td>1.</td>
<td>Credit Rating</td>
<td>Credit Rating from RBI approved Credit Rating Agencies at time of bid submission till declaration of L1. Latest Credit rating to be submitted by the TEC-qualified entities at time of</td>
<td>Minimum A or equivalent.</td>
<td>Minimum A or equivalent</td>
<td>Minimum BBB or equivalent</td>
<td>Minimum BB or equivalent</td>
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<td>Eligibility and Qualification Criteria</td>
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<tbody>
<tr>
<td></td>
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<td>CNC</td>
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</table>

2. **Average Annual Turnover**

   Minimum average turnover of the bidder during the best three out of five FYs calculated as per audited balance sheets.

   - 15% of 20 outflow required for the Project per year at time of bid submission
   - 20% outflow required for the Project per year at time of bid submission
   - 30% outflow required for the Project per year at time of bid submission
   - 40% outflow required for the Project per year at time of bid submission
   - 50% outflow required for the Project per year at time of bid submission

   FORM-1 (Annexure I to Appendix ‘O’ to Schedule I of Chapter IV)

3. **Working Capital**

   Working Capital shall be more than or equivalent to 25% of Outflow required for the project per year

   The bidder shall demonstrate access to unutilised line of credit/overdraft facility/ cash credit facility form its consortium of Banks during bid submission code a letter issued by the Bank or lead Bank of the consortium. Alternatively or complimentarily, the Bidder should demonstrate liquid asset in the form of cash/ marketable securities in its Balance Sheet. The amount required as working capital for the project would be indicated in the RFP.

   FORM-2 (Annexure II to Appendix ‘O’ to Schedule I of Chapter IV)
### Eligibility and Qualification Criteria

<table>
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<tr>
<th>Subject</th>
<th>Requirement</th>
<th>CAT F1</th>
<th>CAT F2</th>
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<td>4. <strong>Annual Turnover for CAT F4 &amp; F5</strong></td>
<td>Exclusion of entities with average annual turnover (average of best 3 of last five FYs) of Rs 500 Cr and above, from participating in projects with per year project outflow lesser than or equal to Rs 75 Cr</td>
<td>N.A.</td>
<td>Average Annual Turnover less than Rs 500 Cr at the time of bid submission</td>
<td>FORM-1 (Annexure I to Appendix ‘O’ to Schedule I of Chapter IV)</td>
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</tr>
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</table>

### Note:-

(a) Credit Rating should only be from RBI approved Credit Rating Agencies.

(b) Annual Turnover is defined as “Annual Sales volume net of all discounts, taxes and interest earnings etc. excluding extraordinary income”.

(c) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies shall not be considered for evaluation.

(d) Annual Turnover would be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors

(e) In case of a Joint Venture, the JV firm should meet all the above mentioned financial criteria for the project.

(f) In case of a new formed Joint Venture (less than 05 year old), the Financial Criteria will be assessed as follows:-

(i) **Credit Rating** - The lead JV partner should meet the minimum credit rating required for the category.

(ii) **Average Annual Turnover** - Would be based on the turnover of individual JV members on the ratio of their share holding pattern based on the audited balance sheets.

(iii) **Working Capital** - JV firm should meet the Working Capital requirement.
FINANCIAL ASSESSMENT PARAMETERS FOR SHIPBUILDING PROJECTS

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<td><strong>Entities at time of CNC</strong></td>
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<td><strong>2.</strong></td>
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<td>Minimum average turnover of the bidder during the best three out of five FYs calculated as per audited balance sheets.</td>
<td>15% of 20% outflow required for the Project per year at time of bid submission</td>
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<td>The bidder shall demonstrate access to unutilised line of credit/ overdraft facility/ cash credit facility form its consortium of Banks during bid submission code a letter issued by the Bank or lead Bank of the consortium. Alternatively or complimentarily, the Bidder should demonstrate liquid asset in the form of cash/ marketable securities in its Balance Sheet. The amount required as working capital for the project would be indicated in the RFP.</td>
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<td>Greater than Rs 1000 Cr and less than or equal to Rs 75 Cr</td>
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<td>Average Annual Turnover less than Rs 500 Cr at the time of bid submission</td>
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</table>

Note :-

(a) Credit Rating should only be from RBI approved Credit Rating Agencies.
(b) Annual Turnover is defined as “Annual Sales volume net of all discounts, taxes and interest earnings etc. excluding extraordinary income”.
(c) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies shall not be considered for evaluation.
(d) Annual Turnover would be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors
(e) In case of a Joint Venture, the JV firm should meet all the above mentioned financial criteria for the project.
(f) In case of a new formed Joint Venture (less than 05 year old), the Financial Criteria will be assessed as follows:-
   (iv) **Credit Rating** - The lead JV partner should meet the minimum credit rating required for the category.
   (v) **Average Annual Turnover** - Would be based on the turnover of individual JV members on the ratio of their share holding pattern based on the audited balance sheets.
   (vi) **Working Capital** - JV firm should meet the Working Capital requirement.
Annexure I to Appendix ‘O’ to Schedule I to Chapter IV
(Refers to Sl. (2) & (4) to Appendix ‘O’ of Schedule I to Chapter IV)

FORM-1
AVERAGE ANNUAL TURNOVER
(This is a suggested format, which may vary depending on User requirements)
(Financial Qualification Attribute No 2 & 4)

Subject: Application for Pre-Qualification for Construction of XXXX Project
(The following table shall be filled in for the Applicant)

Applicant’s name:  (insert full name):

<table>
<thead>
<tr>
<th>ANNUAL TURNOVER</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>INR</td>
</tr>
<tr>
<td>(Financial year</td>
<td>(insert amount in INR)</td>
</tr>
<tr>
<td>to be indicated</td>
<td></td>
</tr>
<tr>
<td>by Applicant)</td>
<td></td>
</tr>
<tr>
<td>(indicate Financial year)</td>
<td>(insert amount in INR)</td>
</tr>
<tr>
<td>Average Annual Turnover**</td>
<td></td>
</tr>
</tbody>
</table>

According to the information, explanations and documents provide by the Applicant to us, we certify that the above information is correct to the best of our knowledge and belief.

..............................................................(Signature of the Statutory Auditor)

The Annual Turnover of Group Companies, shall not be considered for evaluation. The Applicants are advised to strictly adhere to this requirement and submit the Balance Sheets, specific certificate issued by its Statutory Auditors or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation, certificate(s) issued by the clients in the name of the Applicant only

..............................................................(Full Name of the Statutory Auditor)
..............................................................(Name of the Statutory Auditor’s Firm)
..............................................................(Complex Address of the Statutory Auditor’s Firm)
..............................................................(Telephone/fax numbers, including country and city codes)
..............................................................(Email of Statutory Auditor)
..............................................................(Seal of Statutory Auditor)

Membership No. of the Statutory Auditor .................................................

• Annual Turnover should be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation or (iii) Certificate(s) issued by the Clients.

• **Total INR equivalent for best three out of five FYs divided by the 3.
FORM-2

FINANCIAL SITUATION OF THE APPLICANT
(This is a suggested format, which may vary depending on User requirements)
(Financial Qualification Attribute No. 3)

Subject: Application for Pre-Qualification for Construction of XXXX Project
(The following table shall be filled in for the Applicant)
Applicant’s Name: (insert full name)

1. Financial Data

<table>
<thead>
<tr>
<th>Type of Financial information (in INR)</th>
<th>Historic information for previous 5 (Five) Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 5</td>
</tr>
<tr>
<td>Statement of Financial Position (Information from Audited Balance Sheet)</td>
<td></td>
</tr>
<tr>
<td>A. Total Assets (TS) (Excluding Deferred Expenditure and Losses)</td>
<td></td>
</tr>
<tr>
<td>B. Total Outside Liabilities (TL) (Long Term Liabilities and Current Liabilities and Provisions)</td>
<td></td>
</tr>
<tr>
<td>C. Revaluation Reserve</td>
<td></td>
</tr>
<tr>
<td>D. Net Worth = A-B-C</td>
<td>N/A</td>
</tr>
<tr>
<td>E. Current Assets (CA)</td>
<td></td>
</tr>
<tr>
<td>F. Current Liabilities and Provisions (CL)</td>
<td></td>
</tr>
<tr>
<td>G. Working Capital = E-F</td>
<td>N/A</td>
</tr>
<tr>
<td>H. Proposed specific line of credit agreed by commercial Bank and/or any other source of finance for the subject contract</td>
<td>N/A</td>
</tr>
<tr>
<td>I. Total Available Working Capital (G+H) for the subject contract</td>
<td>N/A</td>
</tr>
<tr>
<td>Type of Financial information (in INR)</td>
<td>Historic information for previous 5 (Five) Years</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Year 5</td>
</tr>
<tr>
<td>J. Working Capital requirements for current contract commitments</td>
<td>N/A</td>
</tr>
<tr>
<td>K. Source of Finance for current contract commitments</td>
<td>N/A</td>
</tr>
<tr>
<td>L. Working Capital available after meeting the Working Capital requirements for current contract commitments (I-J+K)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### III. Financial Soundness

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Net Worth</td>
<td></td>
</tr>
<tr>
<td>N. Profit before taxes</td>
<td></td>
</tr>
<tr>
<td>O. Profit after taxes</td>
<td></td>
</tr>
</tbody>
</table>

#### 2. Financial documents

(a) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies, shall not be considered for evaluation. The Applicants are advised to strictly adhere to this requirement and submit the above statement of the Applicant.

(b) The Applicant shall attach copies of the Audited Balance Sheets or, if not required by the laws of the Applicant’s country, other Financial Statements for 5 (five) years preceding the Applicant Due Date, which shall:

- (i) Reflect the financial of the Applicant, and not an affiliated entity;
- (ii) Be statutorily audited or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation;
- (iii) Be complete, including all notes attached thereto;
- (iv) Correspond to accounting periods already completed and audited (no statements for partial periods shall be requested or accepted).

#### 3. Note:

(a) Year 1 will be the latest completed financial year, preceding the Applicant Due Date. Year 2 shall be the year immediately preceding Year 1 and so on. For the avoidance of doubt, financial year shall, for the purposes of the Applicant hereunder, mean the accounting year followed by the Applicant in the normal course of its business.

(b) If the most recent set of Balance Sheet or the Financial Statement, as the case may be, is for a period earlier than 12 months from the date of application, justification should be provided for the same.
SCHEDULE I TO CHAPTER 1

DRAFT RFP FORMAT FOR
SHIP BUILDING
To

REQUEST FOR TECHNICAL AND COMMERCIAL BIDS FOR PROCUREMENT OF (TYPE OF VESSEL) FOR THE INDIAN NAVY/COAST GUARD

Dear Sir,

1. The Ministry of Defence/Integrated Head Quarters, Ministry of Defence (Navy) [IHQ MoD (N)]/Coast Guard, Government of India, intends to procure (type and No.s of vessel(s)) This Request for Proposal (RFP) consists of four parts as indicated below:-

   (a) **Part I.** The first part contains the general requirements comprising the type of vessel(s)/Yard crafts/auxiliaries etc (hereinafter referred to as vessel(s)), the numbers required, associated equipment, the time frame for deliveries, the environmental parameters for functioning, conditions of usage and maintenance, requirement for training, Maintenance Support Package (MSP), aspects related to Life Cycle Support of the equipment Offset obligations and warranty conditions etc. It includes procedure and last date and time for submission of bids.

   (b) **Part II.** The second part of the RFP incorporates the aspects of SQRs describing the technical requirements for the construction of the vessel(s) and installation of the associated equipment. The detailed operational characteristics and technical parameters and other relevant features that should be met by the vessel(s)/equipment are elucidated at Appendix A. The bidder would be required to offer certain equipment for field evaluation on a “No Cost No Commitment” basis (if applicable)

   (c) **Part III.** The Third part of the RFP consists of Commercial clauses of contract. The bidders are required to give confirmation of their acceptance of these clauses. The term bidder is used for the shipyard who will participate in the bidding process. The L1 bidder would be termed as Seller.
(d) **Part IV.** The fourth part of the RFP consists of criteria for evaluation and acceptance of bids in term of financial assessment parameters (Appendix ‘O’) technical and commercial Contents, evaluation criteria and price bid format. Submission of incomplete details in price bid format will render the bid liable for rejection.

2. This RFP is being issued under, namely; ‘Buy (Indian- IDDM)’, ‘Buy (Indian)’, ‘Buy and Make (Indian)’, ‘Buy and Make’, ‘Buy (Global)- Manufacturing in India’, Buy (Global), ‘Leasing’, ‘Design and Development/ Innovation’, and ‘Strategic Partnership category (as applicable) as described at Para 7 to 15 of Chapter I of DPP The Indigenous Content as specified in Appendix A of Chapter I of DPP 2020 will be based on the basic cost of the vessel (as per Sl 2(b) of Price Bid format at Appendix G of this RFP).

(a). The Firm / Company / Vendor will submit an undertaking that they are currently not banned / debarred / suspended from doing business dealings with Government of India / any other government organisation and that there is no enquiry going on by CBI / ED / any other government agencies against them. In case of ever having been banned / debarred / suspended from doing business dealings with Government of India / any other government organisation, in the past, the Firm / Company / Vendor will furnish details of such ban / debarment along with copy of government letter under which this ban / debarment / suspension was lifted / revoked. The vendor shall also declare that their sub-contractor(s)/supplier(s)/technology partner(s) are not Suspended or Debarred by Ministry of Defence. In case the sub-contractor(s)/supplier(s)/technology partner(s) of the vendor are Suspended or Debarred by Ministry of Defence, the vendor shall indicate the same with justification for participation of such sub-contractor(s)/supplier(s)/technology partner(s) in the procurement case.

(b). Subsequent to submission of bids if any sub-contractor(s)/supplier(s)/technology partner(s) of the vendor is Suspended or Debarred by Ministry of Defence, the vendor shall intimate the Ministry of Defence regarding Suspension or Debarment of its sub-contractor(s)/supplier(s)/technology partner(s) within two weeks of such order being made public.

**PART I: GENERAL REQUIREMENTS**

3. **Year of Production.** The Vessel(s) and all equipment/systems fitted/installed on board should be of latest manufacture, conform to the current production standard and should have 100% of the defined life at the time of delivery. Deviations, if any, should be clearly brought out by the bidder in the Technical Bid.

4. **Delivery Schedule.** The delivery schedule of the Vessel(s), ToT & Infrastructure Deliverables (where applicable) will be as per Appendices K & L. The Vessel(s) will be delivered along with all onboard equipment/systems, On Board Spares, Documentation, Tools, accessories and Test equipment or as specified separately (The acceptable range of delivery schedule of the vessel(s)/deliverables must be indicated clearly in the RFP. Option for the bidder to indicate earliest delivery schedule must be given only in unavoidable cases).

5. **Warranty.** The supplied vessel(s)/Equipment shall carry a warranty of _______ months/years/operational hours from the respective date of delivery/acceptance of each vessel. In case of systems/equipment, which have not completed trials prior delivery, the warranty of that particular system/equipment would commence from the day of successful completion of trials. Draft Warranty Clause is given at Appendix C.
6. **Offsets (as applicable).** Offset obligation shall be discharged by the Seller in accordance with provision of DPP 2020. The bidder has to undertake “Offset Contracts” amounting to ___% (as approved by the DAC) of the value of the Contract Cost. The technical bid should include a written undertaking to this effect. Failure to discharge this undertaking at any stage will result in disqualification of the bidder from further participation in the evaluation process and the bid will be treated as null and void. The terms and conditions of Offsets are given at Appendix J to this RFP. (The procedure for the implementation of the offset obligations is given at Appendix ___ to Chapter II of DPP 2020.

7. **Engineering Support Package (ESP)/Annual Maintenance Contract (AMC)/Comprehensive AMC.** This para stipulates the general concept of repair and maintenance of Vessel(s)/equipment followed by the Indian Navy/Coast Guard and the details on Engineering Support Package that is required to be provided. The overall repair and maintenance philosophy of the IN/ICG is placed at Appendix D. After the specified warranty period, the Indian Navy/Coast Guard technicians and (or) onboard crew would be required to undertake repair and maintenance of Vessel(s), ship-borne equipment, during its life cycle.

8. The list of equipment along with corresponding ESP required is specified in the Guide Line Specifications (GLS) as per Para 8 of Appendix A to RFP. In case repair and maintenance of equipment is to be undertaken through own resources of Indian Navy/Coast Guard, then the proposals for Life Cycle Support of specified equipment in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man day rate for deputation of specialists, would have to be sought by the shipyard from the OEMs and handed over to SHQ for negotiations and signing of Life Cycle support contracts. Incases wherein repair and maintenance of equipment is to be implemented through AMC, the proposals for Life Cycle Support with respect to Spares of equipment would have to be sought by the shipyard from the OEMs and handed over to SHQ for negotiations and signing of Life Cycle Support spare contracts. In case where repair and maintenance of equipment is to be implemented through Comprehensive AMC, then minimum acceptable down time of equipment stipulated in CAMC would have to be provided. The information to be submitted in the Engineering Support Package is as per Para 7 of Appendix D and Annexure I to V to Appendix D to this RFP.

9. The requirement of type of refit proposals required from construction shipyard, would be specified in the Guide Line Specifications (GLS) as per Para 8 of Appendix A to RFP. The Shipyard is to submit basic cost for undertaking the required refit corresponding to the SoW based on service life of equipment and hull. The refits of any platform would be progressed under separate contracts.

10. The details of ESP/AMC/CAMC bid, if sought for, must also be submitted separately by the bidder with technical aspects being included in the technical bid and commercial aspects being included in the price bid (Sl (p) of Price Bid at Appendix G).

11. **In Service Life/ Shelf Life/Reliability Assessment (As applicable).** The minimum Service Life of the vessel(s) is required to be years (may be specified). The In Service life/Shelf Life of the vessel(s)/equipment shall be stipulated in the bid. In case of shelf life of equipment, the relevant storage conditions should be clearly specified. The vendor is required to give details of reliability model, reliability prediction and its validation by designer/manufacturer to ensure reliability of stores throughout shelf life. The efficacy of reliability model/prediction/validation would be verified during technical evaluation.
12. **First Outfit of Naval Stores.** The Seller shall supply the first outfit of Naval/CG Stores (Permanent & Consumable) along with the delivery of the vessel as per the list given in Appendix A. This will be factored in determination of L1 {Sl (a) 8 of Price Bid at Appendix G}.

13. **Documentation.** All drawings, Calculations, Instruction manuals, service manuals and other certificates/documentation of all equipment from manufacturers etc will be provided in English language with as fitted drawings and certificates. The bidder shall provide drawings and documentation in both hard and soft copy. The details of documentation to be provided by the bidder are placed at Appendix A and have been further amplified at Appendix D.

14. **Training of Crew and Maintenance Personnel.** The crew of the vessel(s) and shore maintenance staff are required to be trained on the operation and maintenance of hull, electrical and engineering equipment, weapons and sensors installed onboard (Details at Appendix A). The details of the training would be finalised during the technical discussions prior to finalising/ordering of the equipment. The Crew are required to be trained for vessel Operation and onboard Repairs while the Maintenance Personnel are to be trained for Planned Preventive Maintenance and other repairs by Refitting Agency (Details at Appendix A) by the seller or the OEM of the equipment as applicable. The expenses towards the stay and travel of buyer’s reps will be borne by the Buyer.

15. **Government Regulations.** It may also be confirmed that there are no Government restrictions or limitations in the country of the Seller/ Equipment Vendor or countries from which sub-components are being procured and/or for the export of any part of the Vessel/system being supplied.

16. **Agents.** (Applicable in case of foreign vendors only). The vendor is required to disclose full details of any such person, party, firm or institution engaged as an Agent that may have been appointed by them for marketing of their vessel/associated equipment in India, either on a country specific basis or as a part of a global or regional arrangement. These details should include the scope of work and responsibilities that have been entrusted with the said party in India. If there is non-involvement of any such party then the same also be communicated in the offers specifically. The information is to be submitted as per the format placed at Appendix N. Without prejudice to the obligations of the vendor as contained in various parts of this document, appointment of an Agent by vendors will be subjected to the following conditions:-

   (a) Details of all Agents will be disclosed at the time of submission of offers and within two weeks of engagement of an Agent at any subsequent stage of procurement.

   (b) The vendor is required to disclose termination of the agreement with the Agent, within two weeks of the agreement having been terminated.

   (c) MoD reserves the right to inform the vendor at any stage that the Agent so engaged is not acceptable whereupon it would be incumbent on the vendor either to interact with MoD directly or engage another Agent. The decision of MoD on rejection of the Agent shall be final and be effective immediately.

   (d) All payments made to the Agent 12 months prior to tender submission would be disclosed at the time of tender submission and thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.

   (e) The Agent will not be engaged to manipulate or in any way to recommend to any functionaries of the Govt of India, whether officially for unofficially, the award of the contract to the seller, or to indulge in corrupt and unethical practices.
(f) The contract with the Agent will not be a conditional contract wherein payment made or penalty levied is based, directly or indirectly, on success or failure of the award of the contract.

(g) On demand, the vendor shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the contract(s) and details of payment terms between the vendor and the Agent engaged by him.

17. **Fall Clause.** If the bidder has earlier supplied/collaborated with any organisation, public/private in India, the details of the same may be furnished in the technical as well as price bids. The bidder is required to give a written undertaking that they have not collaborated/supplied or supplying similar design ships/Vessel(s), systems and sub-systems at a price lower than that offered in the present bid to any other Ministry/Department of the Government of India. The details regarding the cost, time of supply and quantities of such previous supplies to Government of India are to be included as an enclosure to the price bid. In case of non disclosure, if it is found at any stage that the Seller had such collaboration/supplied similar item earlier with any other Ministry/Department of the Government of India at a lower price, then that very price, will be applicable to the present case and, with due allowance for elapsed time, the difference in the cost would be refunded to the Buyer, if the contract has already been concluded.

18. **Intellectual Property/Patent Rights.** The bidder has to confirm that there are no infringements of any Intellectual Property Rights in accordance with the laws prevailing in their respective countries.

19. **Integrity Pact.** (An Integrity Pact would be signed between MoD and the seller for all schemes exceeding ₹ 20 Cr irrespective of the value of the price bid). In the subject RFP, the bidder is required to sign and submit pre contract Integrity Pact (IP) given at Annexure I to Appendix H and shall also deposit ₹______Crores as Integrity Pact Bank Guarantee (IPBG) through any of the instruments mentioned therein. This would be submitted in a separate envelope clearly marked as ‘IPBG’ at the time of submission of Technical and price bids. Bids submitted without IP and IPBG will not be further processed for acquisition. The Beneficiary Bank Details for furnishing IPBG are as follows:-

- (IFSC Code - SBIN0000691) State Bank of India
- New Delhi Main Branch
- C Block, 11 Parliament Street New Delhi, Pin: 110001

20. **Transfer of Technology (ToT) (If applicable).** The Govt of India, Ministry of Defence is desirous of production of (generic name of equipment) under ToT. Broad Aspects of ToT which are to be fulfilled by the vendor are given at Appendix G to this RFP. In addition, the SUPPLIER is to indicate the following (choose whichever is as applicable):

(a) Minimum threshold (___ %) of Indigenous Content (IC) to be achieved in the Project. Wherever required, SUPPLIER is to furnish Indigenisation Roadmap indicating proposed stage-wise IC.

(b) Willingness to make Indian ToT partner an exclusive global/regional hub for manufacturing equipment, systems, sub-systems, assemblies, components, spares, etc, as well as for MRO activities.

(c) Roadmap to setup indigenous eco-system for manufacturing of major equipment, systems, sub-systems, assemblies, components, spares, etc.

(d) Willingness to enable Tier I/II/III/IV suppliers of the OEM to either set-up own manufacturing in India or enter into a joint venture with Indian companies to progressively manufacture their equipment, systems, sub-systems, assemblies, components, spares, etc, in India.
(e) Any other unforeseen direct expenditure, with concurrence of COA.

**Note:**
(The RFP in such cases would spell out the requirements of ToT depending upon the depth of the technology which is required and whose range could cover technology for complete vessel/generic equipment/system construction, repair and overhaul; production from CKD/SKD kits. Aspects which are to be included in the RFP in case of production from CKD/SKD/IM kits are given at Appendix K. Care should be taken to spell out the selection criteria clearly. The nominated Production Agency (PA) for the receipt of technology will be closely associated in the preparation of RFP).

21. **Transfer of Technology (ToT) for Maintenance Infrastructure (As applicable).** The Govt of India, Ministry of Defence is desirous that the depot level maintenance (third line) and the life time support for the (generic name of the equipment) be carried out through an Indian entity. The vendor is required to select an Indian entity which would be responsible for providing base/depot level repairs (third line) and the requisite spares for the entire life cycle of the equipment. For this purpose the vendor is required to set up maintenance infrastructure and facilities for third line repairs in India at the premises of the selected Indian firm as per the terms and conditions laid down in Appendix H to this RFP. The SUPPLIER is also required to transfer technology for the following (choose whichever is as applicable):

   (a) ‘Know-why’ and Know-how’ for ‘Intermediate’, ‘Depot’ and ‘Overhaul’ Level (2\textsuperscript{nd}, 3\textsuperscript{rd} and 4\textsuperscript{th} level) repair, maintenance, upgrade, testing/certification for the entire life cycle of the equipment.

   (b) MRO including relevant processes, special tools and infrastructure for providing life-cycle support to the platform up to ‘D’ & ‘O’ Level.

   (c) Setting-up an ecosystem for sustenance of Spares, Maintenance, testing facilities, as also shore support.

   (d) Ensuring Indian entity is self-sustainable to support operation and deployment of the platform/equipment, as well as entire maintenance activities up to ‘I’ Level. SUPPLIER is to also confirm willingness to make Indian entity, a regional hub for MRO for the Platform/equipment.

   (e) The spares, repairs and services support required from SUPPLIER (OEM) for ToT to Indian entity would be implemented under long term framework contract.

   (f) The proposal for Maintenance Transfer of Technology MToT shall also include Active Obsolescence Management through life cycle support for the equipment, which would inter-alia include upgradation of system/ subsystem/ units on completion of its fair service life.

22. **Know how for Maintenance Infrastructure (as applicable).** The Government of India, Ministry of Defence is desirous that the yard level maintenance of the vessel/generic name of fitted equipment by refit agencies and the life time support for the vessel/equipment be carried out through a refitting agency. For this purpose the bidder is required to provide information in terms of relevant details for setting up maintenance facilities for yard level repairs/maintenance routines in India at the premises of the selected Indian firm as per the terms and conditions laid down in Appendix E. Cost towards providing this information/details are to be indicated clearly in the price bid.
23. **Modifications.** In the event of any requirement of modifications onboard the vessel during the construction/trials within or after Warranty period that would require any deviation from the approved schedules/plan of construction, the Seller is to take up all such modifications, with cost and time implications in consultations with the Buyer. The Buyer has the right to propose such modifications which should be undertaken by the Seller. All such modifications, if approved by the Buyer, would then be executed by the Seller at additional costs, not exceeding _____% of basic cost of the ship and extended time restricted to a maximum of _____% of original contract period under the project. The scope of the work and financial implications would be mutually agreed upon between the Seller and the Buyer.

24. **Contingency** Contingency for unforeseen expenditure for project will be considered as variable element and will not be considered as part of the basic cost of vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG (M&M). Contingencies, inter alia would cover following broad categories:

   (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
   (b) O&M - for additional services of engineers
   (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
   (d) Augmentation of security measures with emerging threat perceptions
   (e) Legal Proceedings
   (f) To cover preservation cost of equipment wrt delay not attributable to shipyard
   (g) Consultancy for resolution of technical problems which surface post trials.

25. **Queries.** Any queries/clarifications to this RFP may be received at this office by ____, which will be considered during pr-bid conference. A copy of the same also sent to (address of the user directorate). **Pre-Bid Meeting.** A pre-bid meeting will be held at ____hrs on ____ (date) at ____ (venue) to answer the queries or clarify doubts regarding submission of proposals. The bidder or his authorised representative is requested to attend. Necessary details may be sent a week in advance to (user directorate), to facilitate obtaining of security clearance.

26. The supporting documents pertaining to Financial Assessment Parameters, Technical and Commercial bids should be sealed separately (the envelope should clearly state this letter No and the type of vessel/equipment0 and submitted together along with ‘IP’ and ‘IPBG’ to the undersigned at the following address by ____hours on ____ Technical Manager (Maritime & Systems), Room No 5, D-II Wing Sena Bhawan New Delhi-1 10011 Fax No: 23017684

27. The qualification bid pertaining to financial assessment criteria as indicated at Appendix O will be opened at ____ hours on the same venue as indicated in para 27 above. The qualification bid will be evaluated by a Financial Parameter Evaluation Team (FPET) constituted by SHQ prior to TEC, to ascertain the bidder’s financial status. Supporting documents pertaining to financial assessment criteria, as indicated at Appendix ‘O’, are to be submitted by the bidders in a separate sealed envelope at the time of bid submission. On completion of FPET, technical bids of financially qualified shipyards would be opened. The bidder or his authorised representative is welcome to be present at the opening of the proposals. Necessary details may be sent a week in advance to facilitate obtaining of security clearance. TEC would be progressed only for bidders qualifying the stipulated Financial Assessment
Parameters. Technical and Commercial bids of non-qualifying shipyards will be returned on completion of FPET.

28. **Financial Parameter Evaluation Team (FPET)**. The financial Assessment Parameters in accordance with Appendix ‘O’ will be evaluated by a Financial Parameter Evaluation Team (FPET) constituted by SHQ prior to TEC, to ascertain the bidder’s financial status. Supporting documents pertaining to financial assessment criteria, as indicated at Appendix ‘O’, are to be submitted by the bidders in a separate sealed envelope at the time of bid submission to be opened with the Technical Bid. TEC would be progressed only for bidders qualifying the stipulated Financial Assessment Parameters.

29. **Technical Evaluation Committee**. The Technical Bid will be evaluated by a Technical Evaluation Committee (TEC) to confirm that the Vessel(s)/equipment being offered meets the Essential Parameters and Enhanced Performance Parameters (EPP) (where applicable) as elaborated subsequently in this RFP at Appendix A. For cases where Essential Parameters ‘B’ are involved, TEC will confirm that the vendor has submitted the undertaking to this effect as per format placed at Annexure I to Appendix A. The TEC will also check for the compliance for the submission of Life Cycle Support bid as per the requirement as per para 7. For cases where ToT for license production/information on maintenance infrastructure/maintenance support package is sought, the TEC will examine the compliance of the bidder as per the stated requirements of RFP. Thereafter, the TEC cleared bidders would be required to provide the equipment (___No.s) for trial evaluation as per trial methodology given at Appendix A in India at ‘No Cost No Commitment’ basis (if applicable).(The details/scope of the trials, if other than NCNC in India, to be included as per the decisions during AoN by the DAC/DPB).

30. **Tests and Trials**. For a vessel(s)/ equipment to be finally accepted in service it is mandatory that it successfully clears all tests/trials/evaluations. The trial evaluation process is listed in Appendix A. Trials for Essential Parameters ‘B’ (if specified) in respect of equipment mentioned in the RFP would generally be conducted only after signing the contract. However if any vendor(s) claims that the equipment fielded by them for FET can meet Essential Parameters ‘B’ and such vendors are willing to get their equipment trial evaluated for Essential Parameters B at FET stage (a written undertaking in this regard will be given by such vendor(s) to SHQ prior to date of commencement of FET) the same may be trial evaluated by SHQ for such vendor(s) during FET stage.

31. Price bids will be opened only of those bidders meeting the following criteria:-

   (a) Acceptance of technical bids by TEC.
   (b) Successful field evaluation trials of equipment mentioned in the RFP (as applicable).
   (c) Submission of Offset offer (as Applicable)

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**PART II: TECHNICAL PARAMETERS/DETAILS**

32. **Guideline Specifications (GLS)**. The GLS, comprising broad operational characteristics and technical parameters along with other specifications of the vessel(s) are mentioned in Appendix A. The equipment for which Life Cycle contracts will be required is specified in the GLS.

33. **Technical Bid**. The Technical Bid must enable detailed understanding of the functioning and characteristics of the vessel as a whole and each sub system independently. It must include the performance parameters as indicated in Appendix A and any other information pertaining to the technical specifications of the equipment considered important and/or relevant, if desired in RFP. The technical bid should also include maintenance schedules to achieve maximum life and expected life of each equipment/machinery and assembly/sub assembly (or Line Replaceable Unit (LRU)/Shop Replaceable Unit (SRU), storage conditions/environment condition (if
applicable/as indicated in the RFP) recommended and the resultant guaranteed in-service/shelf life. The technical proposal should also include detailed life-cycle support requirements to support all types of equipment through its service life including supply of spares, special tools, repairs, services of specialists, obsolescence management, maintenance eco-system and supply chain to ensure platform supportability and availability in accordance with specifications sought at Para 7 above.

34. **Technical Details.**

(a) The technical details should be factual, comprehensive and include specifications of the offered vessel(s)/system/equipment against broad requirements listed in Appendix A of RFP. The seller would be subsequently required to provide Statement of Technical Requirements (SOTRs) and Ordering Instructions (OIs) for vetting by IHQ MOD (N)/CGHQ in respect of all major equipment post signing of the contract. In cases where a vendor claims to have equipment meeting the EPP, details of the same shall be provided in the technical bid. EPP details not provided in technical bids, will not be allowed to be claimed subsequently.

(b) The technical bid should have a separate detachable compliance table as per format given at Appendix B, stating specific answers to all the parameters as listed at Appendix A. Insufficient or incomplete details including requirements sought for life-cycle support may lead to rejection of the bid. Mere indication of compliance by indicating ‘Complied’ may be construed as incomplete information unless system specific technical details are available in the bid. A format of the compliance table for the technical parameters and certain important conditions of the RFP is attached as Appendix B. It is mandatory to append answers to all the parameters listed in Appendix A. Four hard copies of the Technical bid should be submitted (along with one soft copy); however only one hard copy of the price bid is required.

35. **Build Strategy.** As part of the Technical Bid, the bidder shall indicate the Broad Plan and Build Strategy of work for undertaking the construction of the vessel in keeping with the required delivery schedule and availability of Yard resources such as station/shipyard/dry-dock/slipway, where the vessels are likely to be built. The details are placed at Appendix A.

36. **Quality Assurance.** After the contract is finalised, Seller would be required to provide the Standard Acceptance Test Procedure (ATP) in respect of the vessel and its main equipment to the Buyer for approval. The concerned Quality Assurance agencies of the Buyer, reserves the right to modify the ATP, if necessary. As the Vessel is being built to Classification Society Rules/Naval specified specs, the vessel would be inspected by the Classification Society/applicable inspecting authority. The Buyer reserves the right to undertake additional Buyer inspections either directly or through its representatives. The Project Overseeing Team of the Buyer will represent the Buyer for co-ordination of all inspections/trials to be conducted on board the vessel or in the Shipyard, either on its own or with the assistance of any other Buyer nominated trial/inspection agency(s). The Seller will keep the Project Overseeing Team informed of trials/inspections to be carried out by Inspecting authority/Classification Society. The Buyer, through the Overseeing Team will have the final decision in this regard. The Seller is required to submit a certificate on embedded malicious code in accordance with Appendix M.

37. **Monitoring of Projects.** After placement of order the Buyer at his own expense may depute to the Shipyard at quarterly (or as considered necessary) intervals, teams of representatives to review and coordinate the progress of the commitments made by both the sides under the contract.
PART III: COMMERCIAL CLAUSES

38. Bidders are required to give confirmation of their acceptance of Commercial clauses as given in Appendix F while formulating the price Bids.

39. **Standard Clauses of Contract.** The Bidder is required to accept Standard clauses regarding Agents, penalty for use of undue influence and Integrity Pact, access to books of accounts, arbitration and laws which would be incorporated in the contract. The text of these clauses is at Appendix H. In addition to this, the Standard Contract Document at Chapter VI of DPP 2020 indicates the general conditions of contract that would be the guideline for all acquisitions. The draft contract would be prepared as per these guidelines.

40. **Option Clause (as applicable).** The Buyer shall have the right to place separate order on the Seller on or before ____ ( ) year from the date of the contract limited to 50% of the no of vessels contracted/facilities, services spares as per the cost, terms and conditions set out in this contract. The price of the system, spare etc. shall remain the same till_____ years from the effective date of contract.

PART IV: EVALUATION CRITERIA & PRICE BID FORMAT

41. **Evaluation Criteria**

(a) **Financial Parameter Evaluation** The financial parameter evaluation would be undertaken by the FPET. Only those firms who has qualified the financial parameter evaluation will be considered for evaluation of the technical bids.

(b) **Evaluation of Financial Parameters.** To evaluate the bidder’s financial status, assessment of financial parameter as elaborated at Appendix O would be undertaken prior to the TEC stage by Financial Parameter Evaluation Team (FPET). TEC would be progressed only for bidders qualifying the stipulated Financial Assessment Parameters.

(c) **Evaluation of Technical Bids.** The technical bids forwarded by the bidders will be evaluated by a Technical Evaluation Committee (TEC). The TEC will examine the extent of variations/differences, if any, in the technical characteristics of the bid offered by various vendors with reference to the GLS/QRs and prepare a “Compliance Statement”. This shall include technical parameters of equipment where field evaluation is envisaged. The TEC will also verify whether the Seller has submitted the undertaking to submit the Offset proposal in accordance with Para 6 of this RFP.

**Note 1:** **Evaluation Trials of Specialised Equipment (as applicable).** The requirement of Field Evaluation Trials for complete vessel(s), as per Para 94 of Chapter II of DPP 2020, will not be applicable for procurement cases in respect of acquisition/construction of Ships, Submarines, Yard Craft and auxiliaries, etc. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc may be included in the SOC in accordance with Para 65 of Chapter IV Section B of DPP 2020. The requirement of trials in the case of specialised new induction equipment/sensors being bought through the shipyard route should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON. The specialised equipment would be indicated in the SOC for which NCNC trials are envisaged. **Field Evaluation Trials would be conducted for Essential Parameters ‘A’ and EPP.** The TEC will prepare a ‘Compliance Statement’ short-listing the Sellers on the lines of Appendix B of this RFP.
Note 2: Essential Parameters-B, when tested after signing of contract, will be evaluated as per the terms of the contract. The tests for Essential Parameters-B would also validate that there is no adverse effect on any of the Essential Parameters-A.

(d) Evaluation of Technical Offset Offer (if applicable). The technical offset proposal of the bidders will be evaluated by Technical Offset Evaluation Committee (TOEC) in accordance with Para 93 of Chapter II of DPP 2020.

(e) Evaluation of Price Bids. The commercial bids of only those bidders will be opened whose technical bids have been cleared by TEC and also whose technical offset offers have been accepted technically. Comparison of bids would be done on the basis of Evaluation Criteria given in Appendix G. The L1 bidder would be determined by Contract Negotiation Committee (CNC) on the basis of Appendix G. Only L1 bidder would be invited for negotiations by CNC.

(f) Contract Conclusion. The contract will be signed after successful conclusion of CNC and approval of the competent authority. The Build Specifications will form part of the contract.

42. Bidders are required to submit firm and fixed Price Bid as per format given in Appendix G. The Price bid should not be conditional. The validity of the price bid shall be 18 months from the last date of submission of bids. The bids which do not conform to the prescribed procedure for submission of bids as indicated above or which are received after the scheduled time and unsolicited bids will not be entertained.

Conditions Under Which This RFP is Issued

43. This RFP is being issued with no financial commitment; and the Ministry of Defence reserves the right to withdraw the RFP and change or vary any part thereof or foreclose the procurement case at any stage. The Government of India also reserves the right to disqualify any seller should it be so necessary at any stage on grounds of National Security.

44. The receipt of this Request for Proposal should be acknowledged.

Yours faithfully,

Dy TM (MS)

Appendices:-

Appendix A- Guideline Specifications for Vessels.
Annexure I to Appendix A- Undertaking to comply with Essential Parameters-B Appendix B- Compliance Table for Vessels.
Appendix C- Warranty Clause
Appendix D- Repair and Maintenance Philosophy
Annexure I to Appendix D- Format for Manufacturer’s Recommended List of Spares, Tools and Software
Annexure II to Appendix D- Format for Manufacturer’s Recommended List of Spares (B & D)
Annexure III to Appendix D- Format for SMT/STEs, Jigs, Fixture and Infrastructure
Annexure IV to Appendix D- Format for Technical Documentation
Annexure V to Appendix D- Format for Training Aggregates and Training
Appendix E-Information/Know How for establishing Maintenance Infrastructure with an Indian Repair Yard
Appendix F-Commercial Clauses
Annexure I to Appendix F - Stages of Payment
Annexure II to Appendix F - Project Monitoring System
Appendix G - Evaluation Criteria and Price Bid Format of Commercial Bid Appendix H - Standard Clauses in Contract
Annexure I to Appendix H - Pre Contract Integrity Pact Appendix J - Terms and Conditions of Offset
Annexure I to Appendix J - Undertaking to comply with Offsets Annexure II to Appendix J - Format for Technical Offset Offer Annexure III to Appendix J - Format for Commercial Offset Offer Appendix K - Transfer of Technology
Annexure I to Appendix K - Documentation Details to be Provided by Collaborator Annexure II to Appendix K - Format of Price Breakup of ToT
Annexure III to Appendix K - Infrastructure Deliverables Appendix L - Delivery Schedule
Appendix M - Certificate-Malicious Code
Appendix N - Information Proforma (Engagement of Agents)
Appendix O - Financial Assessment Parameters (listed at Annexure II to Appendix ‘C’)

GUIDELINE SPECIFICATIONS (GLS) FOR VESSEL(S)

(Note: These guidelines and specifications are indicative. These may vary as per the type of vessel(s)/Services/equipment and the intended requirements. IHQ MoD (N)/CGHQ may amend as per their requirements.)

1. **Operational Characteristics and Features.** This information would be different for various vessel(s)/equipment. As such only the guidelines for formulating this Appendix have been stated here. The information provided here flows from the SQR and must contain the following:-

2. **Technical Parameters.** All technical parameters listed in the SQR in terms of size, weight, performance, operating environment, power, torque, preservation, utility life, storage, shelf life etc, should be specified.

3. **Performance Parameters and Additional Features.** If any, should also be explained.

4. Based on above guidelines, this Appendix should be formulated very carefully for the vessel/type of equipment. The broad headings under which the Appendix could be populated are appended in succeeding paragraphs:-

5. **Test and Trial Methodology (Including field trials/simulated study etc).**

6. **First Outfit of Naval Stores.** (The First outfit of Naval stores to be listed as per the requirement of the IHQ/CGHQ)

7. **Training of Crew and Maintenance Personnel.**

8. **Documentation.**

9. **Operating Conditions of the Vessel(s).**

10. **COTS Technology.**

11. **Build Strategy**

12. **Engineering Support package for major equipment.** The type of engineering support package with respect of life cycle support contracts, AMC/CAMC for various equipment is to be specified in the following format.

<table>
<thead>
<tr>
<th>Category of equipment</th>
<th>Name of equipment</th>
<th>Type of Engineering Support package</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Life cycle Support Contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AMC with Life Cycle Support contracts with Spares</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAMC</td>
</tr>
</tbody>
</table>


13. **Life Cycle Support for platforms** – In cases where structured refits are planned to be undertaken by the construction shipyard, then the type of refits (Short/ Medium/ Long) will be specified in the section and the prices for the same would also be sought from the Bidder.

14. **Miscellaneous**
1. The Bidder _________________________ (Name of the Company) hereby

(a) Undertakes to develop and meet all the requirements of Essential Parameters B as given at Appendix ____ of RFP for the procurement case of ________________________ issued on _________.

(b) Undertakes to produce the equipment for trials of Essential Parameters ‘B’ within the specified time frame as stipulated in the contract.

(c) Accepts that failure to meet the Essential Parameters B after signing of the contract and within the stipulated time frame, will lead to forfeiture of all bank guarantees (Performance Bank Guarantee, Additional Bank Guarantee and Advance Bank Guarantee) and attract other penal provisions as may be prescribed by the Govt.

Note: Failure to submit the undertaking along with the Technical Bid shall render the bid invalid and will be rejected.
**COMPLIANCE TABLE FOR VESSELS**
(Following table is to be filled up by the Bidder- All fields are compulsory)

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Requirement as per the RFP</th>
<th>Compliance/ Partial Compliance of Para/sub Para of the RFP</th>
<th>Indicate references of Para/Sub Para of Main Technical Document</th>
</tr>
</thead>
</table>

Technical Parameters as per Appendix A

Commercial Parameters as per RFP

(a) Performance-cum-Warranty Bank Guarantee (PWBG) as per Para of Appendix-__ of RFP

(b) Advance Payment Bank Guarantee (APBG) as per Para ____Appendix__ of RFP.

(c) Integrity Pack Bank Guarantee as Para Appendix of RFP.
WARRANTY CLAUSE

(May be amended prior issue of RFP, if required)

1. The seller warrants that the Vessel, the associated equipment and service supplied under this contract conform to technical specifications prescribed and shall perform according to the said Technical Specifications.

2. The seller warrants for a period of _____ months from the date of acceptance of the Vessel by the Buyer at the designated Indian Port or as applicable, that the vessel and the associated equipment and service supplied under this contract and each component used in the manufacture thereof shall be free from all types of defects/failures. In case of systems/equipment, which have not completed trials prior delivery, the warranty of that particular system/equipment and service would commence from the day of successful completion of trials.

3. If within the period of warranty, the Vessel(s) and (or) stores and (or) spares are reported by the Buyer to have failed to perform as per the specifications, the Seller shall either replace or rectify the same free of charge, maximum within days of notification of such defect received by the Seller, provided that the Vessel(s) and (or) stores and (or) spares are used and maintained by the Buyer as per instructions contained in the Operating Manual. Warranty of the equipment would be extended by such duration. Record of the down time would be maintained by user in the log book. Spares required for warranty repairs shall be provided free of cost by Seller. The Seller also undertakes to diagnose, test, adjust, calibrate and repair/ replace the goods/equipment arising due to accidents, by neglect or misuse by the operator or damage due to transportation of the goods by the Buyer during the warranty period, at the cost mutually agreed to between the Buyer and the Seller, subject to acceptance of the attributability by the Buyer of such damage, which will be intimated by the Seller to the Buyer.

4. The Seller hereby warrants that necessary service and repair back up during the warranty period of the Vessel(s) and (or) stores and (or) spares shall be provided by the seller and he will ensure that the downtime is within _____ days of the warranty period at any one time from the notification of such defects and not exceeding a cumulative period of ____ days within warranty period.

5. In case the complete delivery of Maintenance Support Package/AMC is delayed beyond the period stipulated in this contract, the Seller undertakes that the warranty period for the Vessel (s) and (or) stores and (or) spares shall be extended to that extent.(This clause will be applicable if MSP/AMC is sought along with this RFP).
REPAIR AND MAINTENANCE PHILOSOPHY

(Note: The Repair and Maintenance Philosophy is only indicative and pertains to a particular service. SHQ concerned may amend this as per their requirement. No blanks to be left)

1. The various levels of maintenance and repairs are explained in succeeding Paras. (However, all levels may not be applicable to all types of vessel/equipment. As such the type of repair facility required for the vessel/equipment for which the RFP is being issued should be stated clearly by modifying the succeeding Paras).

2. The Operational-Cum-Refit cycle of the vessel should be as follows: -
   (a) ( ) years operation cycle.
   (b) The dry-docking interval shall be ( ) years.

3. Life Cycle Support would have to be provided by shipyard for following two categories:-
   (a) Life Cycle Support of the Equipment
   (b) Life Cycle Support of the Platforms

4. Life Cycle Support of the Equipment The Life Cycle Support of then equipment would have to be provided by the Shipyard as per Engineering Support Package specified in the GLS or as mentioned at Annexure I of the Appendix D. The Engineering Support Package for the equipment would be provided under the following categories:-
   (a) Repair and Maintenance by Captive resources of IN/ICG – In this option the Services would through its captive resources undertake the repairs and maintenance of equipment through its life cycle. This would require an comprehensive Engineering Support Package comprising Spares, Repairs, Technical Documentation, training, obsolescence management, maintenance and repair ToT etc.
   (b) Annual Maintenance Contracts (AMCs) - The AMCs could be provided by the OEM or licensed entity or OEM authorised representative. This would require an Engineering Support Package with respect to the supply of spares which would be the responsibility of the Customer.
   (c) Comprehensive Annual Maintenance Contract (CAMC) – The CAMC could be provided by the OEM or licensed entity or OEM authorised representative. In such cases the entire responsibility for repair and maintenance of equipment would be that of the OEM who is to ensure down time of equipment do not exceed the stipulated minimum specified in the CAMC.
Repair and Maintenance by Captive Resources within the Service

5. Depending upon the Technological complexity of the equipment, the Repair Philosophy followed by the Services can be categorised into the following:-

(a) ‘O’ Level. Which includes Unit and Field Repairs (1st & 2nd Level).

(i) **Unit Repairs.** These are repairs carried out within the unit holding this equipment with tools generally held within the unit or supplied by the manufacturer with each equipment or as per scaling of 1:10 or any other scaling recommended by the manufacturer as per population held in the unit. These pertain to cleaning, lubrications, minor repairs and replacement of components and minor assemblies including Line Replaceable Units (LRUs) etc that can be carried out within the unit without any sophisticated tools or test equipment. For carrying out such repairs, the manufacturer is required to provide the following:-

(aa) Table of Tools and Equipment (TOTE) with each equipment including operators manual.

(ab) Scaling of Special Maintenance Tools (SMT), Special Test Equipment (STE) and Special Equipment (SE) as required.

(ii) **Field Repairs.** These are repairs carried out at the field/flotilla/station level or equivalent service organisation by technicians specially trained for this purpose and where the required special tools and spares have to be provided additionally for the class of the equipment. These repairs comprise replacement of common Line Replaceable Units (LRUs), sub-Module level and other components beyond the holding of the units and repair scope beyond the unit level. Normally, a field/flotilla/station work shop that carries out such repairs looks after a group of units holding the said class of equipment. The manufacturer in addition to the basic unit level SMT/STE/SE, is required to provide the following:-

(aa) Quantity and specification of spares up to sub-Module level and other replaceable components that need to be stocked for a specified population and class of the equipment.

(ab) Additional Special Maintenance Tools and Test Equipment that needs to be provided to each such field/flotilla/station work shop (The total number of such facilities would also have to be stated based on deployment pattern of the concerned equipment to carry out total costing).

(b) ‘I’ Level. Includes 3rd level Intermediate Repairs by Corps Z workshop/Dockyard/Base Repair Depot or other similar service organisation. These are extensive or special repairs carried out for equipment to reduce the down time and would include component level repairs. This level of repair envisages special diagnosis and repairs of the repairable inventory up to Printed Circuit Board (PCB) level, major assemblies, interface equipment/software and other components beyond the scope of field/flotilla/station level repairs. These repairs are carried out in the designated workshops by technicians specially trained for this purpose and where the required
special tools and spares have to be provided. The manufacturer is required to provide the following:-

(i) Quantity and specification of spares up to PCB level that need to be stocked for a population of the equipment.

(ii) Special Maintenance Tools and Test Equipment that need to be provided to each such work shop. (The total number of such facilities would also have to be stated based on deployment pattern of the concerned equipment to carryout total costing).

(c) **‘D’ Level.** Includes 4th level extensive overhauls Depot Level Repairs / Base Overhaul, which are either routine and planned or necessitated view major repair/renewal requirements. Post such repairs, detailed trials are conducted usually by the overhauling agency, prior handing over of the equipment to the unit for operational exploitation. This level of repair defines stripping and rebuilding of equipment in a Base workshop or any other designated workshop. Extensive repairs including up to components, subassemblies and overhaul of the complete equipment are carried out by this facility. Depending on the population of the equipment, such facilities may be established in the country for this purpose (The actual No would have to be stated for costing). The manufacturer is required to provide the following:-

(i) All Special Maintenance Tools, jigs, fixtures and test equipment for carrying out repairs up to component level.

(ii) Quantity and specification of spares, sub assemblies as per population expected to be maintained.

(iii) Oils and lubricants necessary for overhaul.

(iv) All necessary technical literature.

(v) Calibration facilities for test equipment. This level of repair defines stripping and rebuilding of equipment in a Base workshop.

6. The **Engineering Support Package (ESP)** for the above mentioned ‘O’/ ‘I’/ ‘D’ level repair and maintenance to be undertaken within captive resource of the Services would include provision of **Spares, Repairs, Special Tools and Equipment, Specialist Services, Documentation, Software version control document and other provisions for configuration management of the product.** The ESP is to facilitate the implementation of envisaged product support throughout the committed period by the OEM. The ESP is recommended for high value and complex engineering acquisitions having a long product life (generally 10 years) or more. The ESP is to be finalised along with the acquisition of the main equipment. The various aspects of the ESP are enumerated in the following paragraphs:-

7. **Spares and Special Tools Support.** The Spares and Special Tools support shall be categorised in the following sub headings:-

(a) **Itemised Spare Parts Price Lists (ISPPL).** ISPPL for all spares or Line Replaceable Units (LRUs) of the equipment with corresponding unique Part numbers along with their Base price, annual escalation, delivery period and the MTBF (where
applicable), at the time of submission of offer be provided. The ISPPL shall also include
details of the source, especially for items which are COTS, bought-out, proprietary, etc.
ISPPL shall also indicate interoperability of spares across projects, in case
spares/equipment is already inducted in the Indian Armed Forces.

(b) The SELLER would submit a comprehensive Itemised Spare Parts Price Lists
(ISPPL) comprising the following:-

(i) Complete Part Identification List (PIL) for all spares or Line Replaceable
Units (LRUs), along with corresponding unique part numbers. The list is not to
be limited to MRLS (Depot spares) or Onboard Spares (spares along with the
system) and should comprise entire list of spares of the equipment.

(ii) Base Price list of each of the spares along with annual escalation at time
of submission of the offer.

(iii) Delivery Period of each spare after receipt of Order.

(iv) Mean Time Between Failure (MTBF), where applicable.

(v) Terms and conditions for supply of spares.

Table 1 - Format for Submitting Details of Spares

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Qty/MoQ (where applicable)</th>
<th>Unit Price List (along with annual escalation)</th>
<th>Delivery Period</th>
<th>Spares proposed in OBS</th>
<th>Spares proposed in B&amp;D</th>
</tr>
</thead>
</table>

Note:- The following details are also to be included in the spare parts submission offer:-

(i) Sourcing of spares wrt COTS and Proprietary.

(ii) Interoperability of spares across projects, in case the part/system/sub-
system, etc. is already inducted in some other equipment currently in service with
the Indian Armed Forces, or has been contracted for supply to the Indian Armed
Forces.

(c) **On Board Spares (OBS).** The Bidder is required to provide sufficient OBS for
all equipment for on board repairs, scheduled servicing & maintenance of all equipment
falling due till (as specified) years of the operation of the vessel after warranty, along
with the delivery of the vessel in conformity to the requirement of spares/tools/jigs
stipulated in the exploitation/maintenance document of respective equipment/system. To
this purpose, the Seller is required to provide Manufacturer’s Recommended List of On
board Spares (MRL-OBS) in format provided at **Annexure I to Appendix D.** The Seller
shall satisfy himself of the suitability and sufficiency of the MRL- OBS. The Seller shall
establish the range and depth of spares required to support the ship level repair and
maintenance for the prescribed period. The Seller shall also be fully liable in respect of
the quality and quantity of the recommended spares and must supply any shortfall of
spares without any financial responsibility or liability to the Buyer. A certificate of sufficiency for MRL-OBS has to be submitted by the bidder along with the technical bid.

(d) **Base and Depot (B&D) Spares.** The Seller is to arrange supply of MRLS-B&D spares for five years of exploitation, up to 15%(including levies, taxes and handling charges) of the Basic Cost of the vessel. This would be based on the likely consumption rate and exploitation pattern of the equipment. The seller would seek the comprehensive priced part identification list of spares from all sub vendors along with the technical bid of main equipment and forward it to the Buyer. This list would contain price, description, Pattern no. and quantity fitted on each equipment in respect of various parts/components. This list along with the MRLS B&D spares for each sub vendor would be submitted for all the machinery/equipment, while finalising the respective equipment post signing of the main contract and as per timelines decided by buyer. In case equipment is already in usage, rather than being based on MRLS, the spare parts requirement would be specified by the User as User Defined List of Spares (UDLS) based on the consumption pattern of Equipment on field. The format for specifying the MRLS-B&D is placed at Annexure II to Appendix D.

(e) **Repairable Items Price Lists (RIPL).** RIPL would comprise of all repairable sub systems/ blocks and units. Wherever applicable, source of components required for repairs of units should also be specified. RIPL shall also indicate reparability of these in India. The SELLER shall submit the Repairable Items Price Lists (RIPL) comprising the following:-

   (i) Complete catalogue of repairable spares (at LRU level), along with their Part numbers. Wherever applicable, source of components required for repairs of units should also be specified.

   (ii) Base Price list for repairs clearly indicating repairs that can be done in India and at OEM premises. Repairable Items Price Lists (RIPL) shall comprise of all repairable sub systems/ blocks and units.

   (iii) Terms and conditions for undertaking repairs.

   (iv) Delivery Period after receipt of Order.

   (v) For imported equipment, the impetus is to undertake repairs in India. Repair list in such cases should clearly segregate the list of items that can be repaired in Indian and those that would have to be undertaken in OEM premises.

Table 2 - Format for Submitting Details of Repairable Spares

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Repairs to be Undertaken</th>
<th>Unit Qty</th>
<th>Price Lists (along with annual escalation)</th>
<th>Delivery period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>In India</td>
<td>OEM premise</td>
</tr>
</tbody>
</table>

**Note:** The following aspects to be ensured:
(i) Repair costs to be all-inclusive (collection/delivery ex-Depot).

(ii) Warranty post repairs to be as specified in contract document.

(f) **Special Maintenance Tools and Test Equipment and Software.** The general purpose maintenance tools, test equipment and software used for maintenance on board would be supplied as per MRL-OBS route. In case of additional Test equipment for onboard/shore maintenance, Buyer could indicate this requirement in the RFP upfront. The bidder in such cases would include these additional test equipment in the technical bid with details in the format placed at Annexure III to Appendix D. The cost for these is to be included under Sl (d) of the price bid format placed at Appendix G. The cost column should be left blank in the Technical Bid.

8. **Long Term Maintenance & Repair Agreements/Contracts.** The proposals submitted under the ESP at para 5 above would be converted in Long Term Spare / Repair and Services Contracts co-terminus with the delivery of equipment to ensure that adequate cover is provided post expiry of warranty till the envisaged service life of the equipment. The contracts are to be concluded directly with the OEM, or licensed Enterprise or OEM authorised partners.

9. **Technical Documentation.** To facilitate this process the Bidder is required to provide the following technical literature in IETM (Interactive Electronic Training Manuals) in Level 4 format or higher:-

(a) Complete Equipment Schedule.

(b) Design Specifications.

(c) Technical Manual on STE with drawing reference.


(e) **Technical Manuals.**

   (i) **Part I.** Tech description, specifications, functioning of various systems.

   (ii) **Part II.** Inspection/Maintenance tasks repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STEs).

   (iii) **Part III.** Procedure for assembly/disassembly, repair up to component level, safety precautions.

   (iv) **Part IV.** Part list with drawing reference and List of SMTs/STEs Test Bench.

   (v) Rotable list, norms of consumption, mandatory/ non-mandatory spares list for each system.

(f) Table of Tools & Equipment (TOTE) & carried spares.

(g) Repair and Servicing schedule.
(h) Condemnation limits.

(i) Packing specifications /instructions.

(j) Any additional information suggested by the OEM.

(k) **Details of the OEMs.** The list of OEMs of corresponding equipment are to be submitted as per Table 3 below:-

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Equipment</th>
<th>Part No</th>
<th>OEM</th>
<th>Contact Details (Tel/Fax/Email)</th>
<th>Details of Government License to OEMs</th>
</tr>
</thead>
</table>

(l) **Spares Documentation** A comprehensive Part Identification List (PIL) is to be provided for all equipment and system components in lines of the format enclosed in **Annexure II to Appendix D.** A detailed component list and identification are also required to be provided to facilitate retrieval

(m) **Technical Documentation.** The details of technical literature to be supplied with the system should be listed as per the suggested format at **Annexure IV to Appendix D.** This should be provided with both Technical and price Bids. The cost column should be left blank in the Technical Bid. The overall financial implications for these will be included under Sl (e) of the price bid format placed at **Appendix G.**

10. **Obsolescence Management** – Obsolescence Management has a potential bearing on ensuring the long term availability of the acquired capability. It helps in mitigating the support and technology shortfalls for ensuring the optimal utilisation of the resource. This holds greater significance where in the capability is acquired for a long term and is prone to faster rate of technological obsolescence.

11. OEM is to indicate the methodology on how the OEM intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/ subsystem/ units on completion of its fair service life. The SELLER/OEM (as applicable) shall also intimate BUYER on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin shall specify either alternate item or option for life-time buy.

(a) The SELLER/OEM (as applicable) not less than three years before the close of its production line will notify the BUYER about the intention to close its production of the Equipment for provision of the possibility of purchasing spare parts before closure of the said production line.

(b) Three years prior to completion of design/service life of equipment, the SELLER/OEM (as applicable) shall submit techno-commercial proposal for upgradation
of equipment, wherever applicable, to mitigate technology obsolescence and ensure product support for next 15 years.

12. SELLER/OEM (as applicable) shall also intimate BUYER of the latest upgrade of the equipment/platform co-terminus with their introduction in other markets. Vendors quoting lesser ESP / MRLS in terms of range and depth will be governed by the Adequacy Clause. The vendors quoting surplus items in ESP / MRLS should agree to buy back the surplus spares as per the Buy Back Clause.

13. **Maintenance Transfer of Technology (MToT).** For imported equipment, the Maintenance Transfer of Technology (MToT) is envisaged for acquisition cases for products having a long term life period and where the know-how for carrying out Maintenance and Repairs requires Transfer of Technology. The maintenance and repair services may either provided by the OEM or its Indian Partner with whom a separate Maintenance and Repairs contract is to be concluded along with acquisition of the equipment. Wherever applicable, as part of MToT, SELLER shall provide requisite technical assistance to the selected Indian entity for the following:-

   (a) Providing ‘Intermediate’ and ‘Depot’ Level repair, upgrade, testing/certification and the requisite spares for the entire life cycle of the equipment.

   (b) Ensuring Indian entity is self-sustainable to support operation and deployment of the platform/equipment, as well as entire maintenance activities up to ‘I’ Level.

   (c) Providing MRO support including relevant processes, special tools and infrastructure for providing life-cycle support to the platform up at ‘O’, ‘I’ and ‘D’ Levels.

   (d) Setting-up an ecosystem for sustenance of Spares, Maintenance, testing facilities, as also shore support.

14. The details of such technical assistance considered necessary by the OEM shall be provided as an Annexure to the technical proposal. The total Technical Assistance package shall be in number of man weeks spread over number of missions. OEM shall provide question/answer service and modification advices during the life cycle of the product at no additional cost. In cases where ToT is involved, the SELLER is to ensure the following (as applicable) :-

   (a) Indicate Technologies to be transferred along with the range and depth of transfer of technology (ToT). These could cover technology for overhaul, component level production from raw material, as well as design/development and manufacture of systems, sub-systems, assemblies, components, etc, by Indian ToT partner to mitigate technology obsolescence.

   (b) SELLER shall also indicate where Indian ToT partner can be made a global/regional hub for manufacturing of the equipment, systems, sub-systems, assemblies, components, spares, etc.

   (c) Furnish Indigenisation Roadmap indicating minimum threshold of Indigenous Content (IC) to be achieved in the Project, including stage-wise IC.
15. Wherever applicable, the SELLER is to provide a list of raw material and consumables required during the three levels of maintenance programme. SELLER may also provide all the details required to estimate the Life Cycle Cost of the Equipment, such as the likely Operating cost, Maintenance cost, Overhaul cost, training cost etc.

(II) **Annual Maintenance Contracts (AMC)**

16. The Annual Maintenance Contracts include Maintenance and Repair services by the SELLER in order to ensure serviceability of the equipment covered / services desired for a pre-determined period in multiples of Annum. The cost of Material spares consumed in execution of these services are provided by the BUYER or paid to the SELLER in addition to the AMC charges. In these contracts the services of the specialist are costed based on the pre-determined Man-day rates. Therefore, the following rates needs to be covered in the contract:-

(i) SELLER shall submit proposal for services of specialists comprising all-inclusive man-day rates at shore, and on operational platform viz. ship at sea, aircraft.

(ii) Man-day Rates for Services/Special Tools of Specialists (where applicable) shall be specified corresponding to the categorisation of specialists, e.g. Designers, Engineers and Technicians, as applicable. Man-day Rates for hiring Special Tools, where applicable shall also be provided.

(iii) The spares to be supplied by the Customer in such cases would be supplied through the Long Term Spare contracts that would be signed under the Engineering Support package mentioned above.

(III) **Comprehensive Maintenance Contracts (CMC)**

17. The Comprehensive Maintenance Contracts are concluded for a pre-determined period in multiples of Annum. The scope of CMC, in addition to services of the specialists as mentioned for AMC, include provisioning of the spares, tools and equipment as required for the Maintenance and Repair of the equipment. In this arrangement, the OEM is to ensure that the down time of the equipment do not exceed the minimum stipulated in the CAMC. No separate Engineering Support Package is envisaged for the equipment maintained through the CAMC.

18. **Training Aggregates.** The requirement of training for the vessel and associated equipment are specified at Appendix A. The requirement of Training aggregates for the vessel(s)/equipment in terms of simulations, models, training aids and cut section of certain equipment, if required will be specified by the buyer. These will be costed and submitted to buyer along with the technical and commercial bid as per Annexure V to Appendix D. The cost column is to be left blank in the technical bid. The overall financial implications for these will be included under Sl (f) & (g) of the price bid format placed at Appendix G.

19. **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, would have to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/yard crafts, IN/ICG may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.
20. **Performance Based Logistics.** In certain cases, the life cycle support could also be provided through implementation of the Performance Based Logistics (PBL). The requirement of PBL would be specifically specified in the RFP. The PBL is a Supply Chain concept for optimising the availability of spares and services support to meet the pre-determined level operational availability. The criteria for the PBL supply chain is based on approved Performance Metrics. The OEM or the contracted Vendor would implement desired Supply Chain Management system for meeting the operational performance level.

1. The following broad aspects need consideration is the scope PBL:-
   
   a. Determination of achievable Performance Level to meet the desired operational availability.
   
   b. Duration of contract compared to the desired equipment life
   
   c. Range and Scale of platforms to be covered.
   
   d. Geographical locations where support is required
   
   e. Infrastructure facilities creation / sharing
   
   f. Maintenance, Repair and Overhaul schedule and response time
   
   g. Level of Technical Support required
   
   h. Access to Technical Manuals and Publications
   
   j Evaluation Parameters
MANUFACTURER'S RECOMMENDED LIST OF SPARES TOOLS AND SOFTWARE (MRL-OBS)
(To be submitted in accordance with Para 8 of Part I of RFP)

VESSEL/EQUIPMENT: ____________________________

<table>
<thead>
<tr>
<th>S. No</th>
<th>Eqpt No./Model no./ Sl No.</th>
<th>Eqpt Description</th>
<th>OEM Name</th>
<th>Vendor Name</th>
<th>Illustrated Part List (ISPL) Reference /Part No. of Spare</th>
<th>Desc of Spare</th>
<th>Country of Origin</th>
<th>Unit Price</th>
<th>Seller Order No. &amp; Date</th>
<th>Currency Code</th>
<th>Total Qty</th>
<th>VED* Category</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>
MANUFACTURER'S RECOMMENDED LIST OF SPARES (MRL-B&D)
(To be submitted while finalising Equipment post signing of Contract)

VESSEL/EQUIPMENT:  

<table>
<thead>
<tr>
<th>S.No</th>
<th>Eqpt Part No./Model no./Sl No.</th>
<th>Eqpt Description</th>
<th>OEM Name</th>
<th>Vendor Name</th>
<th>Illustrated Spare Part List (ISPL) Reference/Part No. of Spare</th>
<th>Desc of Spare</th>
<th>Country of Origin</th>
<th>Unit Price</th>
<th>Seller Order No. &amp; Date</th>
<th>Curreny Code</th>
<th>Total Qty</th>
<th>VED* Category</th>
<th>Remarks</th>
</tr>
</thead>
</table>

(b) VED -VITAL/ESSENTIAL/DESIRABLE analysis of spares to be carried out by OEM prior to submission to the Buyer. Original Equipment Manufacturer (OEM): …………………………..(Complete Address)

Notes: (Combined for Annexures I and II to Appendix D)

1. Data regarding maintenance spares/stores like lubricants, sealing compound, gases should be given separately giving source of supply

2. Data furnished as OBS and B&D should also include software backups, as applicable.
3. In ‘Remarks’ column following information (if applicable) be given:-

   (a) If an item has a shelf/operational life it be marked as ‘G’ and life be indicated.

   (b) Matching set of components be indicated.

   (c) Item which can be locally manufactured in India should be marked ‘LM’.

   (d) Items which cannot be manufactured in India due to sophisticated design/technology may be marked as ‘SI’ (Special Item).

   (e) If a component/assembly is common to other similar equipment offered by the OEM earlier, these should be marked ‘CM’ and name of the equipment be indicated.

4. OBS and B&D spares list should be drawn out of the ‘Part List’ of the equipment, which should be separately given as part of Technical Manuals.

5. If the main equipment consists of other equipment, then OBS and B&D spares list should be prepared for them under proper heads. OBS and B&D spares list is to be prepared as per the maintenance concept of the customer.

6. Items provided along with the equipment as spares should also be included in OBS and B&D list.

7. Modules/Shop Replaceable Unit (SRU)/assemblies should be listed and their components should be included under them so as to relate each item of spare to their module/SRU/assembly.

8. OBS and B&D list for test equipment should also be provided on the similar format.

9. Cost to be indicated in Price bid only
LIST OF SMT/STEs, JIGS, FIXTURE AND INFRASTRUCTURE (As applicable)
(To be submitted with the Technical/Commercial bid as applicable)

Name of Vessel/Equipment: __________________________
Original Equipment Manufacturer (OEM): ____________

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Manufacturer’s Part No.</th>
<th>Item Name</th>
<th>Unit Cost</th>
<th>Nos. Required</th>
<th>Brief Purpose</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Onboard</td>
<td>Repair by Refit Agency</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(a) Prepare separate sheet for each type of equipment.
(b) Specify in remarks column whether the Special Test Equipment (STE)/Special Maintenance Tools (SMT) can be used as general purpose equipment on any other kind of equipment.
(c) For Ship level repair quantity required should be for repair of one ship set at a time. For Yard level repair/Maintenance, qty should be for repair of sets of equipment fitted onboard the Vessel(s) of the contract.
(d) If test equipment is commercially available ex-India, the source of supply be specified.
(e) Test equipment for calibrating the STEs should be included in the list above.
(f) Test equipments which are required to be provided by the customer should also be included in the list above.
(g) Cost to be indicated in Price bid only.
**Annexure IV to Appendix D to Schedule I**
(Refers Para 9 of Appendix D)

**TECHNICAL DOCUMENTATION (as applicable)**
(To be submitted with the Technical/Commercial bid)

Name of Vessel/Equipment: 

**Original Equipment Manufacturer (OEM):**

<table>
<thead>
<tr>
<th>Ser</th>
<th>Technical Literature</th>
<th>Unit Cost</th>
<th>Scale For No of Vessels</th>
<th>Total Cost</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Design Specifications</td>
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</tr>
<tr>
<td>3.</td>
<td><strong>Technical Manual</strong></td>
<td></td>
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<tr>
<td></td>
<td>(a) <strong>Part I.</strong> Tech description, specifications,</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>functioning of various systems.</td>
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<td></td>
<td>(b) <strong>Part II.</strong> Inspection/Maintenance tasks Repair</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>procedures, materials used, fault diagnosis and use of</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Special Maintenance Tools (SMTs)/Special Test Eqpt (STE)s.</td>
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<tr>
<td>4.</td>
<td>(c) <strong>Part III.</strong> Procedure assembly/disassembly, repair up to component level, safety precautions</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(d) <strong>Part IV.</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(i) Part list with drawing reference</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) List of SMT/STE with Test Bench</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Manufacturer’s Recommended List of Spares (MRLS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Illustrated Spare Part list (ISPL)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Soft copy on the above Tech literature</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Any other (specify) e.g. Service logs etc.</td>
<td></td>
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</tr>
</tbody>
</table>

**Total Cost:**

**Notes:**

(a) In case any additional equipment is used, their tech literature will be included.

(b) If certain technical literature is being provided free of cost, it should be indicated in the remarks column.

(c) Cost: To be indicated in Price Bid only.
TRAINING AGGREGATES AND TRAINING (as applicable)  
(To be submitted with the Technical/Commercial bid)

Name of Vessel/Equipment: ______________________

OEM: __________________________

<table>
<thead>
<tr>
<th>S. No</th>
<th>Description of Training Aggregate</th>
<th>Scale for 01 Vessel</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

1. Complete Equipment
2. Sectioned Equipment
3. Computer based training package based on interactive multimedia to include
   (a) Full graphics, Animation test and sound
   (b) Symptoms-fault correlation (expert system).
   (c) Symptoms-fault correlation (expert system).
4. Training Aids to include
(a) Charts
(b) Slides
(c) Training Brochures
(d) Training Work models
(e) Blow up diagram
(f) Soft Copy

5. Cost of Training for technician and operators _____ per Vessel-Cost to be indicated in Price bid only.
6. Total Cost: To be indicated in Price bid only.
INFORMATION/KNOWHOW FOR ESTABLISHING MAINTENANCE INFRASTRUCTURE WITH AN INDIAN REPAIR YARD
(Specific Paras may be amended as per requirement by the Buyer)

(These guidelines are indicative. These may vary as per the type of service/equipment and the intended requirements. SHQ concerned may amend these as per their requirement. No blanks to be left).

1. The yard level maintenance (third line) and the life time support for the Vessel will be carried out at Buyer’s Repair Yards, competent in conventional vessel repairs. Therefore the bidder is required to provide information and documentation along with a list of special equipment required for setting up of maintenance infrastructure and facilities for third line repairs in India at the premises of Indian Repair yards.

2. **Scope of Maintenance.** It is desired that the Indian Repair yards should be able to accomplish the following towards providing maintenance support for the life cycle of the equipment:

   (a) Carry out yard level repairs to include repair of major assemblies, sub assemblies of the equipment.

   (b) The scope of these repairs is elaborated subsequently. You are required to take into consideration these aspects while preparation of your maintenance plans.

3. **Maintenance Infrastructure.** To enable the Indian Repair yards to provide life time maintenance support, it is essential that the facilities required are listed out in elaborate details.

   **Note:** The following is just a guideline and would vary on case to case basis. The SHQ will have to work out the exact details prior to issuing out the RFP.

4. **General.** The information shall be provided to the designated Ship Repair yard for yard Level maintenance to cover all aspects of maintenance of the vessel through the Indian Repair Yards. It shall be comprehensive and shall cover all aspects of maintenance up to the lowest level which will enable the Maintenance Agency to repair, overhaul and support and maintain the Vessel(s)/Equipment. The document shall include the details that are needed for any deviation/concession during the maintenance/modifications/upgrades of the Vessel(s)/Equipment.

5. **Documentation.**

   (a) The Documentation to be provided by the Bidder shall be in English language in Electronic and hardcopy formats and include documentation under the following heads:- (if required vendors may quote translation charges separately to enable the production agencies to decide whether to undertake the translation themselves or to seek the English version of the documentation from the vendor).

   (i) ‘Yard’ level Maintenance documentation (specs to be specified) by Repair Agencies.
(ii) Engineering documentation including special processes.

(iii) Software documentation including source code (if applicable), build environment and utilities.

(iv) Details of Special tools and Test equipments, Jigs & Fixtures.

(v) Seller’s Standard Technical Manuals.

(vi) Illustrated parts catalogue with price list.

(vii) Source identification for standard parts, sub contracted items; consumables etc.

(viii) Mandatory spares replacement lists and price catalogue for unit/base levels of maintenance.

(b) The documentation to be supplied by the Bidder shall be that which is used by the Bidder or its sub contractors for the purpose of maintenance of the Vessel(s)/Equipment and their respective equipment. The Bidder will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the maintenance agency for maintenance/overhaul of the Vessel(s)/Equipment in his plant. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant MIL Specs or as mutually agreed with the User’s Certification Agency. All the certification documents generated for obtaining certification in the country of origin to be supplied. Further, vendor should supply such documentation as may be required by the Indian Certification Authorities.

(c) The Bidder shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the vessel/its equipment being offered.

(d) Labour Hours. The Bidder should indicate their stabilised labour hours and Turnaround time for each of the two levels of maintenance clearly indicating the learning curve adopted.

6. Special Technologies/Processes. The bidder shall mention in the document about special technologies and special coatings and treating processes along with details of plant and machinery vis-à-vis specific components/assemblies.

7. Special Maintenance Tools (SMTs) and Special Test Equipment (STEs).

(a) The Bidder shall provide complete technical data of the SMTs and STEs used in the Maintenance of Product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs.

(b) Details of special category test equipment’s along with test rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code shall be provided.

(c) The Bidder shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the bidder.
8. **Standard Tooling and General Industrial Requirement.** The Bidder is to provide list/Technical details of standard tooling and general industrial requirement for carrying out ‘Yard’ maintenance.

9. **Software Backup.** The Bidder is to provide data in respect of the software/firmware backup on magnetic media with necessary equipment and detailed procedure for reloading of software/firmware. The same is required in the event of software corruption or failure of memory devices for the reloading of the software/firmware.
COMMERCIAL CLAUSES

1. Payment Terms.

(a) INCOTERMS for Delivery. The delivery of vessels/goods will be based on:-

(i) For multi-vendor cases in Buy (Global) and ‘Buy and Make’ category, the delivery of vessels/goods will based on the INCOTERMS 2010.

(aa) For Foreign Bidders. CIP……………………INCOTERMS 2010, maximum cover and consigned to ………………… with ultimate consignee as…………………………..

(ab) For Indian Bidders. DDP/…………………………..… with ultimate consignee as …………………….

(Note: For other cases, depending upon the nature of proposal, any of the following INCOTERMS 2010 may be used-EXW, FCA, CPT, CIP, DAT & DDP.)

(b) Currency of Payment.

(i) Foreign bidders should submit their bids only in US Dollars/Euros/ Pound Sterling or any other currency.

(ii) Indian bidders should submit their bids in Indian Rupees only.

(c) Payment to Foreign Bidders.

(i) The Payment Term as per the ____stage payment are given in Annexure I to Appendix F.

(ii) Advance Payment. All stages till the delivery of vessel, where there are no 'Deliverables' would be construed as advance (as defined at Annexure I to Appendix F). The Seller is required to furnish BG for advance payment from banks of international repute and the details of the bank have to be furnished in the commercial bid. Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi as to whether to get the BG from a foreign bank confirmed. The Advance Payment Bank Guarantee (APBG) (if provided for combined vessels) will deemed to be proportionately and automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. The seller has the option to furnish separate Bank guarantees for each vessel. For stage payments relevant to advance, payments will be released based upon the Completion certificate for all activities mentioned therein given by Buyer's rep and any other relevant documents as specified in the contract. The date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T0), 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 wherein 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. In cases where Export License is required to be submitted by the Seller to the Buyer prior to release of Advance Payment, a copy of vendor’s application for export license to their government may be provisionally accepted in lieu of export license, for release of Advance Payment with the caveat that the vendor should submit the requisite Export License prior to release of next payment from the Buyer.

(iii) **On Delivery.** The Seller will give a notification to Buyer about the readiness of vessels/goods for delivery at least 45 days prior to delivery of vessels/goods. Paid shipping documents are to be provided to the Bank by the Seller as proof of dispatch of goods as per contractual terms so that the Seller gets payment from LC. The Bank will forward relevant documents to the Buyer for getting the vessel released from the Port/Airport. Documents will include -

(aa) Clean on Board Airway Bill/Bill of Lading (Original)

(ab) Commercial Invoice (original)

(ac) Inspection Acceptance Certificate demonstrating compliance with the technical specifications of the seller to be issued by the Buyer

(ad) Certificate of origin, duly stamped from Seller’s Chamber of Commerce

(ae) Certificate of Quality and current manufacture from OEM

(af) Physio-sanitary/Fumigation Certificate

(ag) Packaging List

(ah) Insurance and freight documents

(aj) Landing Certificate issued by Port Authority

(ak) Training certificate issued by the Buyer

*(Note: The above list is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP).*

(iv) **Post Delivery.** The seller will obtain clearance certificate from user and submit any other relevant documents as specified in the contract for last stage payment as per **Annexure I to Appendix F** for claiming this stage payment.
(v) **Mode of Payment.** Payment shall be made through Irrevocable Letter of Credit (LC) or Direct Bank Transfer (as applicable). The payment will be arranged through any Public / Private Sector Indian bank authorized for government transactions by RBI (as decided by the Buyer), to the Bank of the Foreign Seller. Letter of Credit will be opened by the Buyer within one month of receipt of the Performance-cum- Warranty Bank Guarantee for full value of contract. The Letter of Credit will be valid for days from the date of its opening. Payments through LC and DBT will be subject to the instant Uniform Customs and Practice for Documentary Credit (UCPDC) of the International Chamber of Commerce. The LC will be confirmed at Seller's cost if requested specifically by the supplier. Where extension of LC is necessitated, the Bank charges for extension shall be borne by the Party whose default causes such an extension. Banking charges will be paid by the Buyer and Seller in their respective countries.

(vi) **AMC Payments.** Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through DBT.

*(Note: This Para may be included if there is AMC clause in RFP. Choice of Quarterly/Hal-yearly/Annually may be decided as per merits of the case).*

(d) **Payment to Indian Bidders.**

(i) The payment terms as per the stage payment schedule are given in Annexure I to Appendix F.

(ii) **Advance Payment and March In Rights.** All stages till the delivery of vessel, where there are no 'Deliverables' would be construed as advance (as defined at Annexure I to Appendix F). Buyer shall have 'March in' rights on under construction vessel(s) upon attainment of Stage-IV milestone i.e. 10% physical progress of construction of ship. Bidder is to provide Bank Guarantees as follows for claiming the Advance Payments:-

(aa) Stages- I to III: Value of Advance BGs will be equal to the respective stage payment. BGs will be valid till delivery of the vessel

(bb) Stages-IV to XIII: Value of Advance BGs for Stages-IV to XIII will be 20% of the value of respective payments and will be revocable upon attainment of next milestone stage

(iii) The Bank Guarantee should be from any Public Sector bank or Private Sector bank authorised by RBI. The Advance Payment Bank Guarantee (APBG) (if provided for combined vessels) will deemed to be proportionately and automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. The seller has the option to furnish separate Bank guarantees for each vessel. For stage payments relevant to advance, payments will be released based upon the Completion certificate for all activities mentioned therein given by Buyer's rep and any other relevant documents as specified in the contract. The date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T0), 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 wherein 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.

(e) **On Delivery.** The payment will be made after successful delivery and acceptance of the vessel by IHQ MoD(N)/CGHQ on submission of following documents

(aa) Ink-signed copy of Seller's bill.
(ab) Ink-signed copy of Commercial invoice.
(ac) Inspection Acceptance Certificate demonstrating compliance with the technical specifications of the Seller to be issued by the Buyer.
(ad) Claim for statutory and other levies to be supported with requisite documents/proof of payment, as applicable.
(ae) Exemption certificate for taxes/duties, if applicable

*Note: The above list is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP.*

(AF) **Post Delivery.** The seller will obtain clearance certificate from user and submit any other relevant documents as specified in the contract for last stage payment as per Annexure I to Appendix F for claiming this stage payment.

(Ag) **Mode of Payment.** The payment will be made by PCDA(N)/CDA(N) who will release the payment through cheque/EFT to an Escrow Account as per modalities of Escrow Agreement signed between the Buyer, s Seller and Escrow account operating Bank at the time of signing of contract.

(Ah) **AMC Payments.** Quarterly/Half-yearly/Annual payments will be made by PCDA/CDA on submission of User clearance certificate through issue of cheque/EFT.

*Note: To be included if there is AMC clause in RFP*

(Aj) **Payment of Taxes and Duties on Completed Vessels.** Payment of taxes, duties and statutory levies on completed vessels will be made at actuals, based on submission of requisite documentary proof to Paying authority or on data on GSTN website. In case it is based on GSTN website, the shipyard may not require to attach any proof of payment for claiming reimbursement of GST on completed vessels. Necessary exemption certificate, as per applicable Govt notifications, shall be issued by the Buyer to the Seller.
(f) **Payment Terms for B&D Spares.** The payment for the B&D spares will be as follows:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cost payable and Activity</th>
<th>Time Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>10% of B&amp;D</td>
<td>On the date of signing the contract and against Advance Bank Guarantee (10% of cost of B&amp;D Spares including total handling charges as quoted in commercial bid). (SHQ can modify the term as per each project requirement)</td>
</tr>
<tr>
<td>II</td>
<td>90% of B&amp;D Spare Cost</td>
<td>On pro-rata basis on proof of receipt by the consignee (SHQ can modify the term as per project requirement)</td>
</tr>
<tr>
<td></td>
<td>Corresponding Life Cycle Support Contracts (Long Term Framework contracts for 3-5 years)</td>
<td></td>
</tr>
</tbody>
</table>

The percentage of advance paid and LD (if any) on B&D spares will be deducted from the relevant stage payment of B&D spares. The percentage and amount of advance to be deducted should be indicated in every stage bill while claiming the payment. The full amount of advance paid will be adjusted in stages.

(h) **Payment Terms for Project Monitoring Expenses.** The payment stages will be decided based on mutual deliberation between Buyer and Seller during CNC (Annexure II to Appendix F refers).

2. **Payment by Letter of Credit (LC).** For Capital Acquisition, Category “Buy Global” (other than Defence PSUs in ab initio Single Vendor Cases or as a nominated production agency), Indian vendors can exercise option to take payment either through Letter of Credit (LC) or Bank Transfer. The payment terms would be regulated as given below:

<table>
<thead>
<tr>
<th>Clause</th>
<th>Where Supplier opts for payment through Letter of Credit</th>
<th>Where Supplier opts for payment through Bank transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Accounting and Payment currencies shall be Rupees only. However, Exchange Rate Variation (ERV), as per ERV provisions contained in Para 6 of this Appendix, where permissible, shall be paid, only in INR.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Components of total contract prices as follows:- (a) Value of good supplied- Basic cost of Goods including ESP, as per the contract (b) Freight and Insurance – As per the Contract (c) Training charges and technical literature (d) Reimbursable expenses –taxes and duties as admissible under the contract (e) AMC charges –As per the Contract (f) Installation and Commissioning charges – As per the Contract</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The total contract price referred to in Article 1 of the contract shall be paid as follows:- (a) Advance Payment. ____% of total value of goods supplied being ₹------- shall be paid to the SELLER, through Bank Transfer, within 30 days of the receipt of the following documents: (b) Advanced Bank Guarantee as per Article 3B of the</td>
<td></td>
</tr>
</tbody>
</table>
Contract.
(c) Performance cum Warranty Bond as per Article 4 B of the Contract.
(d) Any other specific document (like proforma invoice) if required.
(Note: The second stage advance payment after completion of specific milestone may also be paid through Bank Transfer.)

4 For the second/next stage payment the SELLER has the option to seek payment either through Bank transfer from the O/o of PCDA or through Letter of Credit

5 Where the SELLER opts for payment through LC, all payments except for the first stage payment as per clause 3 above shall be made by LC, as per following conditions:
(a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.
(b) Consequent on receipt of the above notification, the BUYER shall open the Letter of Credit through PCDA before expiry of this period of 45 days provided a 5% Performance cum Warranty Bond for the Full value of the Contract has been received.
(c) The Letter of Credit will be opened with a Public / Private Sector Indian bank authorized for government transactions by RBI, for _____% of the Contract value with the SELLER’s Bank, i.e._____________ & Seller’s Account No. ____________.
   It will be valid for a period of_______ days/months from the date of opening.

Note: Since the LC charges are fixed on per quarter basis, it may be ensured that LC validity is fixed in multiples of 90,180,270 days/months depending upon the delivery schedule. In case the delivery is in multiple consignments and there is a long delivery schedule more than one LC or revolving Letter of Credit can be opened.

(d) The payment against LC shall be made to the SELLER against presentation of the documents specified.
(e) In the event of delay in opening the Letter of Credit (reasons for which are solely attributable to Buyer), the delivery date will automatically stand extended to that extent. Formal amendment/certification from Buyer will be required as shipment date would have to be amended in SWIFT form accordingly.
(f) All the expenses connected with establishment of all the Letter of Credit in India will be done by the Seller.
(g) Where the extension of the validity of Letter of credit is necessitated, the Bank charges for extension shall be borne by the party whose default causes such an extension.
(h) Once a Supplier opts for payment through Bank Transfer, no mid-way changes in mode of payment are permitted.
(j) The Letter of Credit shall be subject to and shall be governed by the instant Uniform Customs and Practices for Documentary Credits issued by the International Chamber of Commerce.
(j) Any amendment in LC terms will be subject to Buyer’s approval.
6 All the payments will be carried out with reference to the number of this contract.

7 The Second/next Stage payment comprising ______% of the value of goods supplied and full freight and insurance (where admissible) thereon, shall be paid to the Seller on submission of the following documents, in six copies each:
   (a) Commercial invoices in original.
   (b) Contractor’s bill in original.
   (c) Certificate of Conformity and Acceptance test report at the Pre Despatch Inspection signed by BUYER’s and the SELLER’s Quality Assurance Department. In case BUYER’s representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and acceptance certificate issued by the SELLER.
   (d) Proof of Despatch (original copies of RR, P. Way bill of Lading, Airway bill as applicable).
   (e) Packing List.
   (f) Warranty certificate from the supplier.
   (g) Certificate of current manufacture from OEM.
   (h) Insurance documents for 110% of the cost of consignment, except where the supply is Ex-Works.
   (j) Proof of Duty/Tax paid/reimbursable like deposition receipt/challan etc.

Note:
(i) The Invoice and Contractor’s bill must show the contract reference number, break-up of costs in terms of unit costs, total costs, exchange rate element, percentage rates of taxes and duties and amount payable/paid, in complete detail.

(ii) Three copies of SELLER’s Commercial Invoices, proof of dispatch, packing list and the specifications will be sent by courier and fax by the SELLER to the BUYER (Wing of Service HQ to be specified) within 3 days after the equipment has been shipped. Intimation may also be forwarded to Ministry of Defence, South Block, New Delhi (Wing to be specified).

8 Payment of other components of contract:-
   (a) Training. Commercial invoice/Contractor’s bill, duly accepted by Contract executing authority and Certificate from buyers representative that training program has been completed.
   (b) Reimbursable Expenses. Based on documentary proof of actual payment against the contract, issued by relevant statutory authority, Supplier may ensure submission of the same details of contractual obligations completed and payments received. This clause shall form part of LC.
   (c) Installation and commissioning charges. Commercial invoice/Contractual’s bill, dully accepted by contract executing authority and certificate from BUYER representative. Documents in proof rates claimed shall need to be annexed.
   (d) AMC Charges. Commercial invoice/ Contract’s bill, dully accepted by the Contract executing authority and Certificate from Buyer’s representative.
9. **Balance Payment.** The Balance payment for ______% shall be paid to the seller against presentation of the following documents:
   - (a) Copies of invoice (three copies)
   - (b) Copy of JRI and acceptance certificate issued by the Buyer
   - (c) Contract’s bill
   - (d) Extended Bank guarantee wherever required

10. **Seller’s bankers address and account number:**
    - Bank name:
    - Branch Name:
    - Account No.:
    - Sort Code:
    - SWIFT Code:
    - IFSC Code:
    - RTGS No.:

11. **Where admissible, tax deduction at source will be done by the Bank releasing payment against LC**

12. **Payment/recovery in terms of the contract will be made by the Bank releasing payment against LC. All documents under the LC shall be delivered by the Bank to PCDA (through Trade Finance CPC, New Delhi)**

| 3. **Performance-cum-Warranty Guarantee** | A Performance-cum-Warranty Bank Guarantee (PWBG) of 5% of the Contract cost would be furnished by the Seller in the form of a Bank Guarantee. The contract cost would be the **Total Cost** \{Sl 2(n) of Appendix G + Modification Cost + B&D Spare cost excluding cost of handling B&D spares Sl 2(m)\}. In case of foreign Sellers, Bank guarantee will be from a Bank of international repute. Details of the bank are to be furnished in the commercial bid. Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi as to whether to get the BG from a foreign bank confirmed. In case of Indian Sellers, the PWBGs are required to be furnished from any Public Sector bank or Private Sector bank authorised by RBI. Confirmation of the same from SBI or any other Bank is not required. The PWBG shall be submitted by the Seller within one month of signing of contract and shall be valid for a period, until three months beyond the warranty period, as specified in the RFP.

   **(Note): The procedure for confirmation of BGs of foreign banks by Indian banks will be done as per Acq Wing ID Note No. PC to F.4 (500)/D (Acq)/08 dated 25.06.2009).**

4. **Indemnity Bond.** DPSUs may furnish Indemnity Bonds instead of Bank Guarantees towards Advance Payment Guarantee and Performance-cum-Warranty Guarantee. In cases of private shipyard with high credit rating (CRISIL Long term Credit rating A and above or equivalent) may furnish Indemnity bond instead of bank guarantees towards advance payment guarantee and performance cum Warranty Guarantee.

   **(Note): This Para is to be included only in the Single tender/PAC cases with DPSUs. In competitive bidding cases, Para 2 above will be applicable to DPSUs also).**

5. **Inspection.** Pre Dispatch Inspection (PDI) would be at the discretion of the Buyer. In addition JRI may also be carried out. If it is PDI, the Seller should intimate at least 45 days prior to the day when the equipment is to be offered for PDI to enable Buyer's QA personnel to be available for inspection. In case of JRI, the representative of the Seller may be present for
inspection after the equipment reaches the concerned destination. The Seller would be informed of the date for JRI.

6. **Liquidated Damages (LD).**

(a) In the event of the Seller's failure to submit the Bonds/Services/Guarantees/Documents or/and delay in completion of the project and if the delay is attributable to the Seller, the Buyer may at his discretion withhold any payment until the completion of the contract. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

(i) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.

(ii) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of \(1/100\) of the delay percentage \{Delay percentage = \((\text{Period of Delay wrt the build period, in Weeks}) \times 100 / (\text{Build Period in weeks as per contract})\}\) of the Vessel Cost up to a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majeure Clause to be factored in delivery period). Vessel cost is as defined at Para 2 of **Annexure 1 to Appendix F of Schedule to Chapter IV**, excluding cost for BFE and B&D spares.

(iii) Waiving of LD may be done at the discretion of Buyer, if it is established by Buyer that the reasons for delay is either on account of Buyer or due to Force Majeure.

(b) **Consequence of Not Achieving Specified Speed/Performance (Optional Clause).** The Contractual speed of the ship shall be……Knots, based on the measured mile trial runs, with clean hull, in calm and deep water, at fully loaded condition. If the speed with clean hull in deep and calm water is less by more than \(1/2\) knot of contractual speed, the Vessel Cost (Total of Sls (a) to (k) of Appendix G, excluding Cost of ToT), as adjusted by the escalation clauses of the Ship, shall be reduced by 0.5% for every shortfall in speed of 1/2 knot, or on pro-rata basis for part thereof from the contractual speed. If the speed falls short by more than…… knot, the Seller shall take necessary steps to bring the speed to the …..knot at their own cost and within an indicated time frame. (The Buyer may also include specific consequences for not achieving major performance parameter in lieu of the clause of not achieving speed.)

(c) **Consequence of Delay in Delivery of B&D spares.** In the event of the Seller's failure to have the B&D Spares delivered by the date/dates specified in the contract, the Buyer may, at his discretion withhold any payment until the whole of the Spares have been supplied and the Buyer may also deduct from the seller, liquidated damages to the sum of \(1/100\) of the delay percentage \{Delay percentage = \((\text{Period of Delay in Delivery in Weeks}) \times 100 / (\text{Delivery Period in weeks as per contract})\}\) of the contract price of the delayed/ undelivered spares mentioned above for every week of delay or part of a week, subject to the maximum value of the Liquidated Damages being not higher than 10% of the contract price of the value of delayed spares (Any extension given by the buyer for delay attributable to buyer or Force Majeure Clause to be factored in delivery period).
(d) **Denial Clause.** In case the delay in delivery is attributable to the seller or a non-force majeure event, the Buyer may protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause (PVC) and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the Buyer reserves his right to get any benefit of downward revisions in statutory duties, PVC and foreign exchange rate. Thus, PVC, other variations and foreign exchange clauses operate only during the original delivery period. The format for extension of delivery period/performance notice under the Denial clause is at Annexure III to Appendix L to Schedule I of Chapter II.

7. **Exchange Rate Variation.**

(a) Exchange Rate Variation (ERV) shall be applicable for Rupee contracts with Indian vendors, based on RFPs issued under all categories of Capital Acquisitions, where there is import content. The indigenous and import components as also the various currencies (of the import contents) for ERV purposes, must be determined in advance. However, ERV clause shall not be applicable to contracts in the following conditions:-

(i) **The delivery period is less than one year from the date of signing of the contract** ; or

(ii) **The rate of exchange variation is within the band of +/- 2.5%.**

(b) Detailed time schedule for procurement of imported material and their value at the FE rates adopted in this case is to be furnished by the Indian Bidders as per the format given below, which will be incorporated in the contract for payment purposes respectively

<table>
<thead>
<tr>
<th>Year (Y is Contract signing)</th>
<th>Foreign Exchange details as per SI (S), Appendix G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US Dollars</td>
</tr>
<tr>
<td>Y + 0</td>
<td></td>
</tr>
<tr>
<td>Y + 1</td>
<td></td>
</tr>
<tr>
<td>Y + 2</td>
<td></td>
</tr>
<tr>
<td>Y + 3</td>
<td></td>
</tr>
<tr>
<td>Y + 4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

(c) ERV will be payable/refundable depending upon movement of exchange rate with reference to the Base Exchange rate on the ERV Reckoning Date. Base Exchange rate of each currency, used for calculating FE content of the contract, will be the BC Selling rate of the State Bank of India (Parliament Street Branch, New Delhi). **The ERV reckoning date will be the last date of submission of Commercial bids as per RFP.** In cases where Option Clause is exercised, the date of reckoning of ERV will be the last date of submission of bids for the RFP of the Original Procurement Case.
(d) The year-wise amount of foreign exchange component of the imported items, as indicated in table above by Bidder, shall be adjusted for the impact of ERV of the Rupee, based on the exchange rate prevailing (as notified by SBI, Parliament Street Branch, New Delhi) on the date of each transaction. The impact of notified Exchange Rate Variation shall be computed on a yearly basis for the outflow as tabulated in Para 6(b) above and shall be paid/refunded before the end of the financial year based on the certification of IFA of the concerned Service HQs, after pre-audit by Paying Authority.

(e) Documentation for claiming ERV -

(i) A bill of ERV claim enclosing worksheet.

(ii) Copies of import orders placed on the suppliers.

(iii) Invoice of supplier for the relevant import orders.

(iv) Banker's certificate/Debit advice detailing FE paid.

(v) Exchange rate as on date of transaction, as notified by SBI, Parliament Street Branch, New Delhi.

(f) ERV clause will not be applicable for extended periods in case delivery periods for imported content are subsequently to be re-fixed/extended beyond contractual delivery unless the reasons for delivery period extension are attributable to the Buyer. In addition, the ERV will be paid as per the exchange rate which is lesser between the date of original delivery period and actual transaction date.

8. **Price escalation.** During the conduct of CNC a percentage of the project cost would be finalised by CNC which would be admissible to the shipyard as price escalation on the negotiated cost if the time duration between the CNC conclusion date and contract conclusion exceeds 12 months attributable to BUYER.

9. **Price Variation:** The RFPs with Bid Validity Period greater than 18 Months should allow automatic indexation of bid value. Since the cost of equipment/material component of any shipbuilding project amounts to about 65% and the other expenses amount to 35%, the Price variation formula would be based on 65% on WPI and 35% on CPI as follows:-

   (a) 35% weightage to CPI applicable to Industrial Workers

   (b) 65% weightage to be apportioned to following components of WPI based on nature of the ship as follows:

<table>
<thead>
<tr>
<th>WPI Component</th>
<th>For Auxiliary Ships</th>
<th>For Warships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture of Basic Metals</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Manufacture of Machinery &amp; Equipment</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Manufacture of Electrical Equipment</td>
<td>30%</td>
<td>45%</td>
</tr>
</tbody>
</table>

   (c) The initial value for CPI and WPI indices will be based as on month of submission of commercial bid.

   (d) In cases where Option Clause is exercised, date of CPI and WPI indices will be the last date of submission of bids for the RFP of the Original Procurement Case.
10. **Continuity of Payment beyond Contractual Delivery Date When Contract is Awaiting Amendment.** Any extension given by the BUYER for delay attributable to BUYER or Force Majure comes into effect with a contract amendment. However, respective stage payments may not be linked with the contract amendment which would facilitate shipyards to have continual payment as per the respective stage payments.
STAGES OF PAYMENT

1. The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructures, imports, design considerations and development of indigenous technology. However, some broad guidelines for payment terms are appended in subsequent Paras.

2. The Vessel Cost (Total of Sls (b) to (k) of Appendix G, excluding Cost of ToT) will be paid as per following stages on completion of respective stage activity (The Vessel Cost will not include Costs towards Handling of B & D Spares and Project Monitoring and BNE items, the payment stages of which have been specified at Paras 1(e) and 1(f) of Appendix F respectively. The Payment Stages of ToT, if applicable, will be specified separately):-

   (a). **For Commissioned Vessels.** 15 stages payment with pre-requisites as elaborated below:-

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel's Fixed Cost</th>
<th>Activity</th>
<th>Schedule to be finalized during CNC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5%</td>
<td>With signing of contract (10% of Contract Cost)</td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>10%</td>
<td>(a) Proof of ordering steel/ Hull Construction (b) Submission Cardinal date program me /Production PERT</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>5%</td>
<td>(a) Submission of Drawing Schedule (b) Submission of detailed network of activities including Work Breakdown up to launching a Vessel (c) Submission of main hull structural drawing (d) Order for all major pre-launch items finalized and placed</td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>10%</td>
<td>(a) Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only (b) Submission of equipment installation schedule</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>5%</td>
<td>(a) Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only (b) Completion of main engines, gear boxes, griders &amp; Seatings/m/c seating as applicable to erecting of 60% hull</td>
<td></td>
</tr>
<tr>
<td>VI</td>
<td>5%</td>
<td>(a) Completion of 25% physical progress of construction and submission of weight analysis for first ship series only (b) All access holes to be cut and preparation of main seating in m/c compartment (c) Placement of order for majority equipment &amp; systems affecting conduct of basin trials</td>
<td></td>
</tr>
<tr>
<td>VII</td>
<td>5%</td>
<td>(a) Pressure test of built in tanks (b) Manufacture/procurement of W/T doors and hatches (c) Submission of network of balance activities upto delivery along with resource allocation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>----</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>VIII</td>
<td>40%</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>
|     | (a) Completion of machinery, equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only  
(b) Launching of the vessel or equivalent stage of construction reached |
| IX  | 5%  |    |
|     | Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only |
| X   | 5%  |    |
|     | Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only |
| XI  | 5%  |    |
|     | Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only |
| XII | 40% | 5% |
|     | Completion of Basin Trials |
| XIII| 2.5%|    |
|     | (a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships  
(b) Successful completion of CST  
(c) Completion of Training |
| XIV | 2.5%|    |
|     | (a) Successful completion of FMT  
(b) Stowage of all onboard spares  
(c) All Documents, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(d) Completion of first reading of D-448 and acceptance of vessel  
(e) Handing over of life cycle support contracts of designated equipments. |
| XV  | 5%  |    |
|     | On completion of final reading of D 448 and completion of all guarantee liabilities |

**Note:**
Payment to be made as per the defined stages and not necessarily to be linked with the sequence.
For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
(b). **For Submarines.** Fifteen stages payment with pre-requisites as elaborated below:-

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel's Fixed Cost</th>
<th>Activity</th>
<th>Schedule to be finalized during CNC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5%</td>
<td>With signing of contract (10% of Contract Cost)</td>
<td></td>
</tr>
</tbody>
</table>
| II    | 10%                     | (a) Proof of ordering steel/ Hull Construction  
(b) Submission Cardinal date program me /Production PERT | |
| III   | 5% 15%                   | (a) Submission of Drawing Schedule  
(b) Submission of detailed network of activities including Work Breakdown up to launching a Vessel  
(c) Submission of main hull structural drawing  
(d) Order for all major pre-launch items finalized and placed | |
| IV    | 5%                      | (a) Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Submission of equipment installation schedule | |
| V     | 5%                      | (a) Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only  
(b) Completion of main engines, gear boxes, griders & Seatings/m/c seating as applicable to erecting of 60% hull | |
| VI    | 5% 15%                   | (a) Completion of 25% physical progress of construction and submission of weight analysis for first ship series only  
(b) All access holes to be cut and preparation of main seating in m/c compartment  
(c) Placement of order for majority equipment & systems affecting conduct of basin trials | |
| VII   | 5%                      | (a) Pressure test of built in tanks  
(b) Manufacture/procurement of W/T doors and hatches  
(c) Submission of network of balance activities upto delivery alongwith resource allocation | |
| VIII  | 0% 15%                   | (a) Completion of machinery, equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only  
(b) Launching of the vessel or equivalent stage of construction reached | |
| IX    | 5% 2.5%                 | Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only | |
| X     | 5% 2.5%                 | Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only | |
| XI    | 5% 2.5%                 | Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only | |
| XII   | 40% 2.5%                | Completion of Basin Trials | |
| XIII  | 5% 2.5%                 | (a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft |


survey for subsequent ships  
(b) Successful completion of CST  
(c) Completion of Training

| XIV | 5%/2.5% | (a) Successful completion of FMT  
(b) Stowage of all onboard spares  
(c) All Documents, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(d) Completion of first reading of D-448 and acceptance of vessel  
(e) Handing over of life cycle support contracts of designated equipments.

| XV  | 5% | On completion of final reading of D 448 and completion of all guarantee liabilities

**Note:-**
Payment to be made as per the defined stages and not necessarily to be linked with the sequence
For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
(c) **For Yard Craft/Auxiliaries.** Fifteen stages payment with pre-requisites as elaborated below:-

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel’s cost</th>
<th>Activity</th>
<th>Pre-Requisites</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5%</td>
<td>On signing of the Contract (10% of Contract of the cost)</td>
<td>On submission of bank guarantee of equal value and performance – cum-Warranty Bond of 5% of the contractual cost. DPSUs may submit indemnity bond when nominated.</td>
</tr>
</tbody>
</table>
| II    | 20%                | (a) Proof of ordering of steel/Hull construction Material  
(b) Submission of cardinal date  
(c) Submission of main hull structural drawings.  
(d) Order for all major pre-launch items finalized and placed  
(e) Order for all major pre-launch items finalized and placed.  
(f) Erection of equipment schedule.  
(g) Submission of equipment of equipment schedule.  
(h) Completion of main engines, Gear box girders & seatings / machinery seatings as applicable to erection of 40% hull. | To be certified by owner’s rep/overseer. |
| III   | 10%                | (a) Completion of main engines, gear box girders & seatings /machinery seatings as applicable to erection of 70% hull.  
(b) All access holes to be cut and preparation of main seatings in machinery compartment.  
(c) Manufacture /procurement of W/T doors and hatches  
(d) Pressure test of built in tanks  
(e) Submission of network of balance activities | To be certified by Owner’s rep/Overseer. |
| IV    | 15%                | (a) Erection of 100% main hull  
(b) Placement of order for major equipment & system affecting conduct of basin trials | To be certified by Owner’s rep/Overseer. |
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
|   | (c) Pressure test of built in tanks  
   | (d) Submission of network of balance activities |   |
| V | 15%  
   | (a) Completion of installation of machinery, equipment and fittings with the associated systems required for reaching pre launch stage.  
   | (b) Launching of vessels or equivalent stage of construction reached.  
   | Note. If large amount of machinery is to be placed after the launch of the vessel, this stage may be split into two @10% or 7.5% each | To be certified by Owner’s rep/Overseer. |
| VI | 30%  
   | (a) Completion of Basin Trials  
   | (b) Completion of inclining experiment and draft survey for subsequent crafts  
   | (c) Successful completion of contractor’s sea trials (form part of vessel acceptance trials)  
   | (d) Successful completion of final machinery trials  
   | (e) Stowage of all on-board spares  
   | (f) All documentation, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
   | (g) Completion of first reading of D-448 and acceptance of the vessel. | To be certified by Owner’s rep/Overseer. |
| VII | 5%  
   | All defects, deficiencies and contractor’s liabilities including guarantee repairs & dry docking to be completed. |   |

Note:--  
Payment to be made as per the defined stages and not necessarily to be linked with the sequence.  
For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.
1. **Project Monitoring**. In view of the complex nature of the ship building projects involving multi-disciplinary efforts from a number of agencies, a high level of multi-layered, proactive project management mechanism is required to be set up for ensuring the timely completion of the Project. The primary features of the Project Management System (PMS) envisaged are as follows:

(a). Enterprise Project Monitoring using Commercial Off the Shelf (COTS) enterprise software tools.

(b). On line web-based project monitoring, drawing approvals, online alerts, status reports, project analysis, trouble-shooting etc.

(c). Turn Key maintenance, administration and project analysis support by the PMS provider.

(d). The project monitoring software, hardware etc. will be offloaded to proficient vendors at actual and the responsibility of training will be with the vendor contracted for the same.

2. The broad scope of supply and work for the PMS required is as follows:

Project planning, monitoring and analysis support to the Project Manager.

(a). Project management as a collective portfolio of sub-projects, tasks, resources, supply etc. for better decision-making using an advanced Enterprise Project Management tool e.g. Primavera/Microsoft Project Enterprise Edition etc.

(b). Facilitate improved project team communication by having a system wherein all Project stakeholders have access to up-to-date information and can communicate within the system. The system is to use a web-based design, with on-line connectivity for data, voice and video.

(c). Supply of required software and hardware and other IT infrastructure.

(d). Maintenance, administration and support of the PMS.

(e). Training on the system.

(f). Any other accessories which could help in project monitoring and co-ordination.
FORMAT FOR EXTENSION OF DELIVERY PERIOD/PERFORMANCE NOTICE

Name of the Procuring Entity.................................................................

Extension of Delivery Period/Performance Notice

To
M/s (name and address of firm)

Sub: Contract No.................... dated...........for the supply of.............

Ref: Your letter no. .............................................. dated: ...................

Dear Sir,

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In your letter under reply you have asked for [further] extension of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from (fill in date) to (fill in date)

2. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to ...................... % (......... per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable), viz., (fill in date) will be recovered from you as liquidated damages. You may now tender the Stores for inspection [balance of the Stores] in terms of this letter. Stores if any already tendered by you for inspection but not inspected will be now inspected accordingly.

3. You are also required to extend the validity period of the performance guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within(fifteen) days of issue of this amendment letter.

4. The above extension of delivery date will also be subject to the following Denial Clause:-

   (a). That no increases in price on account of any statutory increase in or fresh Imposition of customs duty, GST or on account of any other taxes/duty, including custom duty), leviable in respect of the Stores specified in the said contract which takes place after (insert the original delivery date) shall be admissible on such of the said Stores, as are delivered after the said date; and,

   (b). That notwithstanding any stipulation in the contract for increase in price on any other ground including foreign exchange rate variation, no such increase which takes place after (insert the reckoning date as per DPP 2020) shall be admissible on such of the said Stores as are delivered after the said date.

   (c). But nevertheless, the Buyer shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, GST or on account of any other Tax or duty or on any other ground as stipulated in the price variation clause or foreign exchange rate variation which takes place after (insert the original delivery date).
5. All other terms and conditions of the contract remain unaltered. This is without any prejudice to Buyer’s rights under the terms and conditions of the subject contract.

6. Please intimate your unconditional acceptance of this amendment letter within 10 (ten) days of the issue of this letter failing which the contract will be cancelled at your risk and expense without any further reference to you.

Yours faithfully,
(Authorised Officer)
Duly authorised,
for and on behalf of
The President of India

Note: Select one option within { } brackets; delete portion within [ ] brackets, if not applicable; fill in ( ) brackets. Brackets and this note are not to be typed.

Substitute following first para instead of first para in format above, for issuing a performance notice.

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In spite of the fact that the time of delivery of the goods stipulated in the contract is deemed to be of the essence of the contract, it appears that (fill in the outstanding quantity) are still outstanding even though the date of delivery has expired. Although not bound to do so, the time for delivery is extended from (fill in date) to (fill in date) and you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods at your risk and cost.
EVALUATION CRITERIA AND PRICE BID FORMAT

1. **Evaluation Criteria.** The guidelines for evaluation of Price Bids will be as follows:-

1.1. Only those Bids will be evaluated, which are found to be fulfilling all the eligibility and qualifying requirements of the RFP, both technically and commercially. The bidder, whose price is arrived as lowest as per Evaluation criteria given in this Appendix, will be declared as L-1 bidder by Buyer.

1.2. While carrying out evaluation of bids to determine L1 (including where DCF Technique is applicable), the following criteria would be followed:-

1.2.1 **In Case of Foreign Bidders.** All costs, taxes (including GST) and duties quoted by foreign bidders at Serials (a) to (m) and Serial (p) (where applicable) of Para 2 below [including the basic cost {on CIP/DAT/DAP basis, (as applicable to the procurement case)} along with Basic Custom Duty (BCD) & IGST (as applicable)] would be considered for purpose of comparison of various bids. All the foreign bids will be brought to a common denomination in Indian Rupees by adopting Base Exchange Rate as BC Selling rate of the State Bank of India, Parliament Branch, New Delhi, on the ERV reckoning date (as defined in Para 6(c) to Appendix F), i.e., the last date of submission of commercial bids as per RFP.

1.2.2 **In Case of Indian Bidders including Defence PSUs/OFs.** All costs, taxes (including GST) and duties quoted by the vendor at Serials (a) to (m) and Serial (p) (where applicable) of Para 2 below would be considered for purpose of comparison of various bids.

1.2.3 **Where DCF Technique as Given in Para 4 is Not Applicable.** L-1 bidder will be determined on the basis of quoted cost of all items including all taxes and duties payable to Central/State/Local Governments.

1.2.4 **Where DCF Technique as Given in Para 4 is Applicable.** DCF technique will be applied including taxes and duties to ascertain the NPV which would be used for determining L1 bidder.

1.3 Custom duty on input materials shall not be loaded by the Indian Bidders in their price bids, if they are exempted under the existing Notifications. In such cases, necessary Custom Duty Exemption Certificate (CDEC) shall be issued by the Buyer. In cases where Custom Duty is not exempted, Basic Custom Duty on input material is to be included in the cost of Basic Equipment, Installation/Commissioning/Integration, BNE, ToT, MRLS, SMT, STE, ESP and any other item listed at Column (ii) of Para 2 below.

1.4 If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price will prevail and the total price will be corrected based on indicative rates of taxes and duties at columns (vi) and (vii) of Para 2 below. If there is a discrepancy between words and figures, the amount in words will prevail for calculation of price.
2. **Price Bid Format.** The Price Bid Format is given below and Bidders are required to fill this correctly with full details. No column of the Bid format has to be left blank. The clubbing of serials/sub serials to indicate a consolidated cost is not acceptable. Columns of ‘quantity’, ‘unit cost’, ‘total cost (including all taxes and duties)’, ‘GST/IGST (%)’ and Custom Duty (%) are to be filled up with positive numerical values or 'Nil' at every row as applicable. If any column is not applicable and intentionally left blank, the reason for the same has to be clearly indicated in the remarks column.

<table>
<thead>
<tr>
<th>Ser</th>
<th>Items</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Total Cost (including all taxes &amp; duties)</th>
<th>Indicative Rates of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>GST/IGST(%)</td>
<td>Custom Duty(%)</td>
</tr>
<tr>
<td>(a)</td>
<td>1. Yard material including steel and Aluminum material</td>
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<td></td>
<td>2. Equipment cost (indigenous)</td>
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<tr>
<td></td>
<td>2(a) Basic cost of the Buyer Nominated Equipment Indigenous (if applicable)</td>
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<td></td>
<td>3. Equipment Cost (Imported)</td>
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<td></td>
<td>3(a) Basic Cost of the Buyer Nominated Equipment - Imported (if applicable)</td>
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<td></td>
<td>3. Equipment Cost (Imported)</td>
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<tr>
<td></td>
<td>3a. Basic cost of Buyer Nominated Equipment Imported (if applicable)</td>
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<td>4. Equipment and material</td>
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<td></td>
<td>5. Labour</td>
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<td>6. Labour Overhead</td>
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<td></td>
<td>7. Direct Expenses</td>
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<td></td>
<td>8. First outfit of Naval stores</td>
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<tr>
<td>(b)</td>
<td>Basic Cost of Vessel (Total of Sl ‘a’ above)</td>
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<tr>
<td>(c)</td>
<td>Cost of onboard Spares (Manufacturers Recommended List of Spares)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>as per <strong>Annexure I to Appendix D.</strong></td>
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<td></td>
<td>In case equipment is already in usage, the spare parts requirement must be specific rather than being based on MRLS</td>
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<tr>
<td>(d)</td>
<td>Cost of Special Maintenance Tools and Special Test Equipment and software as per <strong>Annexure III to Appendix D.</strong></td>
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</tr>
<tr>
<td>(e)</td>
<td>Cost of Technical Documentation (in English Language) as per <strong>Annexure IV to Appendix D.</strong></td>
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<tr>
<td>(f)</td>
<td>Cost of Training Aggregates as per <strong>Annexure V to Appendix D.</strong></td>
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<tr>
<td></td>
<td>Description</td>
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<td>-----------------------------------------------------------------------------</td>
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<tr>
<td>g</td>
<td>Cost of Training excluding the cost of travel, boarding and lodging separately for operators and maintenance technicians and QA Representative. This should be given under the following two heads (as applicable) (Appendix D, Para 10 refers):</td>
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<tr>
<td></td>
<td>(i) In India</td>
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<td></td>
<td>(ii) Abroad</td>
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<tr>
<td>h</td>
<td>Cost of TOT (as applicable) (as per Appendix K)</td>
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<tr>
<td>j</td>
<td>Cost of <strong>Knowhow/Information</strong> for setting up of maintenance Infrastructure (as applicable) (Appendix E refers)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k</td>
<td><strong>Freight</strong> and <strong>Transit Insurance</strong> Cost (as applicable)</td>
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<tr>
<td>l</td>
<td>Cost of Project Monitoring System (as per Annexure II to Appendix F)</td>
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<td></td>
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<tr>
<td>m</td>
<td>Cost of handling B &amp; D spares</td>
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<td></td>
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<td></td>
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<tr>
<td>n</td>
<td><strong>Total cost</strong> (Total of SI (b) to (m) above)</td>
<td></td>
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<tr>
<td>p</td>
<td><strong>TAX ON COMPLETED VESSEL</strong></td>
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<tr>
<td>q</td>
<td><strong>Grand Total Cost</strong> (SI n + P)</td>
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<tr>
<td>r</td>
<td>Foreign Exchange component of the proposal.</td>
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<td>s</td>
<td>CDEC (if applicable), its authority and amount for which required.</td>
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</tbody>
</table>

**Note:** Taxes and Duties. If there is a change in tax structure promulgated by the GoI, then rates of taxes indicated at columns (vi) & (vii) above will be used for revising the total cost.

3. **Evaluation of L1 in case of EPP.** If the vessel supplied by a vendor does not have the EPP, then the total cost of Serial (q) of the price bid format, for the purpose of L1 determination, remains as it is. In cases where a vendor’s equipment meets the EPP, the total cost at Serial(q) of the price bid format will be multiplied by a credit factor less than 1 and greater than or equal to 0.9, based on the additional technical score assigned for the EPP, as detailed in the RFP.

4. **Evaluation of Bids by DCF Technique** (**Note:** This clause is be included only if there is AMC clause or any other condition in RFP, resulting in different cash outflows in successive years) -
4.1 **Net Present Value (NPV)** is a variant of DCF method, which will be used by the Buyer for evaluation of Bids. The Net Present Value of a Bid will be equal to the sum of the present values of all the cash flows associated with it. The following formula will be used for calculating NPV of a bid -

\[
NPV_n = \sum_{t=1}^{n} \frac{At}{(1+r)^t}
\]

Where,

NPV = Net Present Value

\(At\) = Expected cash flow occurring at the end of year ‘t’ as mentioned in the Payment schedule of Bid

\(n\) = Duration of cash flow stream

\(r\) = Discounting Rate

\(t\) = The period after which payment is done

The bid with the lowest NPV would be selected.

4.2 The Discounting rate will be ---\% (Note-This will be the Government of India’s lending rate on loans given to state governments, as notified by Budget Division of Ministry of Finance annually).

4.3 **Structuring Cash Flows for Tenders/Bids Received in the Same Currency.** The cash outflows as shown in price bids will be taken into consideration. NPV of different bids will be calculated using the formula given above and the one having lowest NPV will be selected as L-1.

4.4 **Structuring Cash Flows for Tenders/Bids Received in Different Currencies.** Where bids are received in different currencies/combo of currencies, the cash outflow will be brought to a common denomination in rupees by converting foreign currency bids into rupees by taking into account the BC selling rate of Parliament Street Branch of State Bank of India, New Delhi on the ERV reckoning date (as defined in Para 6(c) to Appendix F), ie the last date of submission of Commercial Bids as per RFP. Thereafter, the procedure as described above in Para 4.3 will be applied to arrive at NPV.

4.5 All bidders are required to indicate year-wise and currency-wise amount required as per their price bid in format given below. In case a bidder does not provide year-wise cash flow details in price bid, the amount quoted in their price bid will not be discounted for comparison purposes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars</th>
<th>Euros</th>
<th>Pound Sterling</th>
<th>Rupees</th>
<th>Total Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
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</table>
STANDARD CLAUSES OF CONTRACT

LAW

1. The present Contract shall be considered and made in accordance with the laws of Republic of India.

ARBITRATION

Arbitration (CPSEs)

2. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party for Arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India in-charge of the Department of Public Enterprises. The arbitration and Conciliation Act, 1996 (as amended from time to time) shall not applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference the dispute shall be decided by the Law Secretary of the special Secretary/Additional Secretary, when so authorised by the Law Secretary, whose decision shall bind the Parties finally and conclusively. The Parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

Arbitration (DPSUs)

3. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred, by either party to Director General (Acquisition), Ministry of Defence for Arbitration. The award of the Arbitrator i.e. DG (Acq) shall be binding upon the parties to the dispute.

Arbitration (Indian Private Vendors)

4. All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.

5. Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions). Which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.
6. Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

7. The third arbitrator, shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provision of Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute, resolution institutions like Indian Council of Arbitration or ICADR at the request of either party, but the said nomination would be after consultation with both the parties. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.

8. The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

9. The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

10. The decision of the majority of the arbitrators shall be final and binding on the parties to this contract.

11. Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

12. In the event of a vacancy caused in the office of the arbitrations, the party which nominated such arbitrator shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

13. In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

14. If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

15. The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitrator proceedings.

**Arbitration (Foreign Shipyards)**

16. All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present contract or any part thereof, shall be settled by bilateral discussions.

17. Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the arbitration Tribunal consisting of three arbitrators.

18. Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.
19. The third arbitrator, who shall not be a citizen or domicile of the country of either of the parties or of any other country unacceptable to any of the parties shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, falling which the third arbitrator may be nominated under the provision of Indian arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute, resolution institutions like Indian Council of Arbitration or ICADR in case, nomination of third arbitrator institutions like ICA and ICADR are not acceptable to the SELLER, then the third arbitrator may be nominated by the President of International chamber of commerce, Paris, but the said nomination would be after consultation with both the parties and shall preclude any citizen with domicile of any country as mentioned above. The arbitrator nominated under this clause shall not be regarded nor act as an umpire.

20. The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

21. The Arbitration Proceedings shall be conducted in Indian under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

22. The decision of the majority of the arbitrations shall be final and binding on the parties to this contract.

23. Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

24. In the event of a vacancy caused in the office of the arbitrators, the party which nomination such arbitrator, shall be entitled to nominate another in his place and the arbitrator proceeding shall continue from the stage they were left by the retiring arbitrator.

25. In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of the arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

26. If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

27. The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

FORCE MAJEURE

28. Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfillment or for the delayed fulfillment of any of its contractual obligations, if the affected party within 45 days of its occurrence informs in a written form the other party.

29. Force majeure shall mean fires, floods, natural disasters or other acts such as that are unanticipated or unforeseeable and not brought about at the instance of, the party claiming to be
affected by such event, or which, if anticipated or foreseeable, could not be avoided or provided for and which has caused the non-performance or delay in performance, war, turmoil, strikes, sabotage, explosions beyond the control of either party.

30. Provided that acts of The Government or any State parties of the seller which affect the discharge of sellers obligations under the contract shall not be treated as Force Majeure.

**PENALTY FOR USE OF UNDUE INFLUENCE**

31. The Seller undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees brokerage or inducement to any person in service of the Buyer or otherwise in procuring the Contracts or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavor to any person in relation to the Contract or any other Contract with the Government. Any breach of the aforesaid undertaking by the Seller or any one employed by him or acting on his behalf (whether with or without the knowledge of the Seller) or the commission of any offers by the Seller or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1947 or any other Act enacted for the prevention of corruption shall entitle the Buyer to cancel the contract and all or any other contracts with the Seller and recover from the Seller the amount of any loss arising from such cancellation. A decision of the Buyer or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the Seller.

32. Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the Seller towards any officer/employee of the Buyer or to any other person in a position to influence any officer/employee of the Buyer for showing any favour in relation to this or any other contract, shall render the Seller to such liability/penalty as the Buyer may deem proper, including but not limited to termination of the contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts paid by the Buyer.

33. **Integrity Pact.** Further signing of an ‘Integrity Pact’ would be considered between government department and the bidders for all procurement schemes over ₹ 20 Cr. The Integrity Pact is a binding agreement between the agency and bidders for specific contracts in which the agency promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. Under the IP, the bidders for specific services or contracts agree with the procurement agency or office to carry out the procurement in a specified manner. The essential elements of the IP are as follows:

(a) A pact (contract) between the Government of India (Ministry of Defence) (the authority or the "principal") and those companies submitting a tender for this specific activity("bidders")

(b) An undertaking by the principal that its officials will not demand or accept any bribes, gifts, etc., with appropriate disciplinary or criminal sanctions in case of violation;

(c) A statement by each bidder that it has not paid and will not pay any bribes

(d) An undertaking by each bidder that he shall not pay any amount as gift, reward, fees, commission or consideration to such person, party, firm or institution (including Agents and other as well as family members, etc., of officials), directly or indirectly in connection with the contract in question. All payments made to the Agent 12 months prior to tender submission would be disclosed at the time of tender submission and
thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.

(e) The explicit acceptance by each bidder that the no-bribery commitment and the disclosure obligation as well as the attendant sanctions remain in force for the winning bidder until the contract has been fully executed;

(f) Undertakings on behalf of a bidding company will be made "in the name and on behalf of the company’s chief executive officer";

(g) The following set of sanctions shall be enforced for any violation by a bidder of its commitments or undertakings: -

(i) Denial or loss of contract;
(ii) Forfeiture of the Integrity Pact Bank Guarantee (IPBG) and Performance cum Warranty Bank Guarantee (PWBG);
(iii) Payment to the Buyer of any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.
(iv) Refund of all sums already paid by the Buyer along with interest at the rate of 2% per annum above LIBOR rate.
(v) Recovery of such amount, referred to in (iii) and (iv) above, from other contracts of the seller with the Government of India.
(vi) At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities

(h) Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

(j) The draft Pre-Contract Integrity Pact is attached as Annexure I to Appendix H. The vendors are required to sign them and submit separately along with the technical and commercial offers.

(k) Every Bidder while submitting techno commercial bid shall also deposit ₹___ Crores/Lakhs (as applicable) as IPBG through any of the instruments mentioned at Para 9 of Annexure I to Appendix H. This would be submitted in a separate envelope clearly marked as IPBG along with technical and commercial proposals.

34. In respect of bids from DPSUs, while a DPSU is not required to sign an Integrity Pact with the Ministry of Defence, the concerned DPSU shall, however, enter into a Pre-Contract Integrity Pact, on the same lines with their sub-vendors individually, in case the estimated value of each sub-contract(s) exceed ₹ 20 Crore and such subcontract(s) are required to be entered into by the DPSU with a view to enable DPSU to discharge the obligations arising out of their bid in question in response to this RFP

AGENTS

35. The Seller confirms and declares to the Buyer that the Seller is the original manufacturer of the stores referred to in this contract. The Seller confirms that he has not engaged any person, party, firm or institution as an Agent, including his Agents already intimated to MoD, to influence, manipulate or in any way to recommend to any functionaries of the Government of India, whether officially or unofficially, to the award of the contract to the Seller, or to indulge
in corrupt and unethical practices. The Seller has neither paid, promised nor has the intention to pay to any person, party, firm or institution in respect of any such intervention or manipulation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such person, party, firm or institution and paid, promised or has intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable for any of the following actions:

(a). To pay to the Buyer any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.

(b). The Buyer will also have a right to put on hold or cancel the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR rate.

(c). The Buyer will also have the right to recover any such amount referred in (a) and above from other contracts of the Seller with the Government of India.

(d). At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities

ACCESS TO THE BOOKS OF ACCOUNTS

36. In case it is found to the satisfaction of the Buyer that the Seller has engaged an Agent or paid commission or influenced any person to obtain the contract as described in clauses relating to Agents and Penalty for Use of Undue Influence, the Seller, on demand of the Buyer shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the contract(s) and details of payment terms between the vendors and Agents engaged by him.
PRE-CONTRACT INTEGRITY PACT (AS APPLICABLE)

**General**

1. Whereas the PRESIDENT OF INDIA, represented by Joint Secretary & Acquisition Manager (Maritime Systems)/ Major General or equivalent, Service Headquarters/Coast Guard, Ministry of Defence, Government of India, hereinafter referred to as the Buyer and the first party, proposes to procure (Vessel(s)), hereinafter referred to as Defence Stores and M/S __________, represented by, ______________Chief Executive Officer (which term, unless expressly indicated by the contract, shall deemed to include its successors and its assignees), hereinafter referred to as bidder and the second party, is willing to offer the Defence stores.

2. Whereas the Bidder is a private company/public company/partnership/registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Ministry of the Government of India performing its functions on behalf of the President of India.

**Objectives**

3. Now, therefore, the Buyer and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:

   (a). Enabling the Buyer to obtain the desired defence stores/ship or vessel/ship borne equipment/spares at a competitive price in conformity with the defined specifications of the Services by avoiding the high cost and the distortionary impact of corruption on public procurement of the Stores.

   (b). Enabling Bidders to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Buyer will commit to prevent corruption, in any form, by their officials by following transparent procedures.

**Commitments of the Buyer**

4. Buyer commits itself to the following: -

   (a). The Buyer undertakes that, no official of the Buyer, connected directly or indirectly with the contract will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the Bidder, either for themselves or for any person, organisation or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.

   (b). The Buyer will, during the pre-contract stage, treat all Bidders alike and will provide to all Bidders the same information and will not provide any such information to any particular Bidder which could afford an advantage to that particular Bidder in comparison to other Bidders.
(c). The officials of the Buyer will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

5. In case of any such preceding misconduct on the part of such official(s) is reported by the Bidder to the Buyer with full and verifiable facts and the same is prima facie found to be correct by the Buyer, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Buyer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Buyer the proceedings under the contract would not be stalled.

**Commitments of Bidders**

6. The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:-

(a). The Bidder will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer, connected directly or indirectly with the bidding process, or to any person, organisation or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

(b). The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or dis-favour to any person in relation to the Contract or any other Contract with the Government.

(c). The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

(d). The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

(e). The Bidder further confirms and declares to the Buyer that the Bidder is the original manufacturer/integrator/authorised government sponsored export entity of the Defence stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially to the award of the contract to the Bidder, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company or Agent in respect of any such intercession, facilitation or recommendation. The Bidder would not enter into conditional contract with any Agents, brokers or any other intermediaries wherein payment made or penalty levied is based, directly or indirectly, on success or failure of the award of the contract. The bidder while presenting the bid shall disclose any payments he has made during the 12 months prior to tender submission, is committed to or intends to make to officials of the Buyer or their family members, Agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments. Within the validity of
PCIP, bidder shall disclose to MoD any payments made or has the intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution as an annual report during the procurement process.

(f). The Bidder shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Buyer as part of the business relationship, regarding plans, technical bids and business details, including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.

(g). The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts. Complaint will be process as per Guidelines for Handling of Complaints in vogue. In case the complaint is found to be vexatious, frivolous or malicious in nature, it would be construed as a violation of Integrity Pact.

(h). The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

**Previous Transgression**

7. The Bidder declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify Bidder’s exclusion from the tender process.

8. If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract and if already awarded, can be terminated for such reason.

**Integrity Pact- Bank Guarantee**

9. Every bidder, while submitting commercial bid, shall submit an Integrity Pact Bank Garante for an amount of _______ (as per IPBG table below) in favour Guarantee will be from Public Sector Banks or Private Sector Banks authorized for government transactions by RBI, promising payment of the guaranteed sum to the Ministry of Defence, Government of India, represented on behalf of the President of India, on demand within five working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the Buyer shall be treated as conclusive proof for payment. A model Bank Guarantee format is enclosed.
The Integrity Pact Bank Guarantee (IPBG) shall be valid up to three years from the date of submission. However, Bidders will be required to extend the Integrity Pact Bank Guarantee as and when required by the buyer. In the case of the successful bidder, validity of the Integrity Pact Bank Guarantee will be extended up to the satisfactory completion of the contract. In case of a vendor unilaterally decides to withdraw from procurement scheme or has been declared non-compliant and if he wishes to withdraw his IPBG, he may do so provided he gives an undertaking that he has no complaints and will not make any complaints in the case. Integrity Pact Bank Guarantee shall be returned promptly in case of unsuccessful bidders.

IPBG will be deemed to be proportionately and automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided.

In the case of successful bidder a clause would also be incorporated in the Article pertaining to Performance cum Warranty Bank Guarantee in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance cum Warranty Bank Guarantee in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of this pact.

The provisions regarding Sanctions for Violation in Integrity Pact include forfeiture of Performance cum Warranty Bank Guarantee in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.

No interest shall be payable by the Buyer to the Bidder(s) on Integrity Pact Bank Guarantee (IPBG) for the period of its currency.

Company Code of Conduct

Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

Sanctions for Violation

Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on his behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any
other act enacted for the prevention of corruption shall entitle the Buyer to take all or any one of the following actions, wherever required:-

(a). To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder. However, the proceedings with the other Bidder(s) would continue.

(b). The Performance- cum-warranty bank guarantee (PWBG) shall stand forfeited either fully or partially, as decided by the Buyer and the Buyer shall not be required to assign any reason therefore.

(c). To immediately cancel the contract, if already signed, without giving any compensation to the Bidder.

(d). To recover all sums already paid by the Buyer and in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the Bidder from the Buyer in connection with any other contract for any other defence stores, such outstanding payment could also be utilised to recover the aforesaid sum and interest.

(e). To encash the advance payment bank guarantee (APBG) and performance cum warranty bank guarantee, if furnished by the Bidder, in order to recover the payments, already made by the Buyer, along with interest.

(f). To cancel all or any other Contracts with the Bidder.

(g). To put on Hold or Suspend or Debar the bidder as per the extant policy.

(h). To recover all sums paid in violation of this Pact by Bidder(s) to any Agent or broker with a view to securing the contract.

(i). If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the Buyer, or alternatively, if any close relative of an officer of the Buyer has financial interest/stake in the Bidder’s firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Buyer to rescind the contract without payment of any compensation to the Bidder. The term ‘close relative’ for this purpose would mean spouse whether residing with the Government servant or not, but not include a spouse separated from the Government servant by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Government servant, but does not include a child or step child who is no longer in any way dependent upon the Government servant or of whose custody the Government servant has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Government servant or to the Government servant’s wife or husband and wholly dependent upon Government servant.

(j). The Bidder shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Buyer and if he does so, the Buyer shall be entitled forthwith to rescind the contract and all other contracts with the Bidder. The Bidder shall be liable to pay compensation for any loss or damage to the Buyer resulting from such rescission and the Buyer shall be entitled to deduct the amount so payable from the money(s) due to the Bidder.
17. The decision of the Buyer to the effect that a breach of the provisions of this Integrity Pact has been committed by the Bidder shall be final and binding on the Bidder, however, the Bidder can approach the Independent Monitor(s) appointed for the purposes of this Pact.

**Fall Clause**

18. The Bidder undertakes that he has not supplied/is not supplying the similar vessels, ships, products, systems or sub-systems at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India and if it is found at any stage that the similar system or sub-system was supplied by the Bidder to any other Ministry/Department of the Government of India at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the Bidder to the Customer, even if the contract has already been concluded.

19. The Bidder shall strive to accord the most favoured customer treatment to the Buyer in respect of all matters pertaining to the present case.

**Independent Monitors**

20. The Buyer has appointed the following Independent Monitors for this Pact in consultation with the Central Vigilance Commission. The names and addresses of nominated Independent Monitors (at the time of issue of RFP) are as follows (however the vendor must refer to the MoD website at www.mod.nic.in to check for changes to these details) (names & addresses of Independent Monitors holding office on date of issue of RFP to be included)

21. All communications to Independent Monitors will be copied to Director (Vigilance). The Designation and Contact details of Director (Vigilance) are as follows:

   *(Designation and Address of the Director (Vigilance) to be included)*

22. After the Integrity Pact is signed, the Buyer shall provide a copy thereof, along with a brief background of the case to the Independent Monitors, if required by them.

23. The Bidder(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent Monitors.

24. If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent Monitors for their comments/enquiry.

25. If the Independent Monitors need to peruse the relevant records of the Buyer in connection with the complaint sent to them by the Buyer, the Buyer shall make arrangement for such perusal of records by the Independent Monitors.

26. The report of enquiry, if any, made by the Independent Monitors shall be submitted to the head of the Acquisition Wing of the Ministry of Defence, Government of India for a final and appropriate decision in the matter keeping in view the provision of this Pact.

27. **Examination of Books of Accounts.** In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Buyer or its agencies shall be entitled to examine the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose of such examination.
28. **Law and Place of Jurisdiction.** This pact is subject to Indian Laws. The place of performance and jurisdiction is the seat of the Buyer i.e New Delhi.

29. **Other Legal Actions.** The actions stipulated in this Integrity Pact are without prejudice to any legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

**Validity**

30. The validity of this Integrity Pact shall be from date of its signing and extend up to 5 years or the complete execution of the contract to the satisfaction of both the Buyer and the Bidder/Seller, whichever is later.

31. Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

32. The Parties hereby sign this Integrity Pact at _____________ on ______

BUYER
Joint Secretary and Acquisition Manager
(Maritime and Systems),
MINISTRY OF DEFENCE,
GOVERNMENT OF INDIA

BIDDER
AUTHORISED SIGNATORY
(Designation to be specified and relevant document to be specified)

Witness
1. 
2.

Witness
1. 
2.
FORMAT OF INTEGRITY PACT BANK GUARANTEE (IPBG)

To,
The ___________,
Ministry of ___________,
Government of India,
_________________ (complete postal address of the beneficiary)

1. In consideration of President of India represented by Joint Secretary and Acquisition Manager/ Major General or equivalent, Service Hqr./Coast Guard, Ministry of Defence, Government of India (hereinafter referred to as the Buyer and/or the first party) having agreed to accept a sum of Rs. ___________ (Rupees ___________) from M/s ___________ of ___________ (hereinafter referred to as Bidder and/or the Second party) in the form of Bank Guarantee towards Integrity Pact for the Request For Proposal for procurement of __________ we ___________ (Name of the Bank), (hereinafter referred to as the Bank), do hereby undertake to pay to the Buyer on demand within 5 (five) working days-without any demur and without seeking any reasons whatsoever, an amount not exceeding Rs. ___________ (Rupees ___________) and the guarantee will remain valid upto three years from the date of its submission of offer i.e. ___________. The Integrity Pact Bank Guarantee shall be extended from time to time as required by the Buyer and agreed by the Bidder to the Bank.

2. We undertake not to revoke this guarantee during this period except with the previous consent of the Buyer in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the commercial offer.

3. No interest shall be payable by the Buyer to the Bidder(s) on the guarantee for the period of its currency.

4. Notwithstanding anything contained herein above:-
   (a) Our liability under this Guarantee shall not exceed Rs. ___________ (Rupees ___________ only) (in words).
   (b) This Bank Guarantee shall remain valid until ___________ (hereinafter the expiry date of this guarantee). The Bank Guarantee will cease to be valid after ___________ irrespective whether the Original Guarantee is returned to us or not.
   (c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ___________ (Expiry Date)

Dated the __________ day of __________ (month and year)

Place:
Signed and delivered by ________________ (Name of Bank).

Through its authorized signatory
(Signature with seal)
TERMS AND CONDITIONS OF OFFSETS

1. The Procedure for implementing Offset provision given at Appendix D and relevant Annexures to Chapter II of DPP 2020 (available at www.mod.nic.in) will be followed. The terms and conditions for submission of technical and commercial offset offer are given in succeeding paragraphs.

2. **Submission of Written Undertaking to Meet the Offset Obligation.** You are required to give a written undertaking to the effect that you will meet the offset obligation as laid down in the RFP. This undertaking in the format at Annexure I to Appendix J will be included in the envelope containing your technical bid which is to be submitted by _ (specify the date). This undertaking is binding on you and that failure at any stage, on your part to meet the offset obligation specified in the RFP will disqualify you from any further participation in the contract and render your bid as null and void.

3. **Submission of Technical and Commercial Offset Offers.**

   (a) The technical and commercial offset offers would have to be submitted by (not earlier than 3 months from the date of submission of the technical and commercial offers of the main proposal). These offset offers would have to be submitted together in two separate sealed covers to the Technical Manager at the following address:-

   (b) The technical offset offer would contain details of the products, services and investment proposals indicating relative percentages, proposed Indian partners for offset investment and other relevant information in the format given at Annexure II to Appendix J. Details of Banked offset credits as discharged offset obligations will also be indicated. The commercial values of the offset proposals are not to be indicated in this technical offset offer.

   (c) The Commercial Offset offer, format in Annexure III to Appendix J, will contain the detailed offer specifying the absolute amount of the offset with a breakup of the details, phasing, Indian partner and banked credits as discharged obligations.

   (d) The model formats at Annexure II and III to Appendix J may be amended by the vendor without however deviating from the mandatory offset requirements prescribed.
UNDERTAKING TO COMPLY WITH OFFSET OBLIGATIONS

1. The Bidder ____________________________ (name of the company) hereby

(a) Undertakes to fulfil the offset obligation as stipulated in the Request for Proposal and Defence Offset guidelines at Para 93 of Chapter-II of DPP 2020.

(b) Undertakes to ensure timely adherence to fulfillment of offset obligations failing which the vendor will be liable for penalties as per the Defence Offset Guidelines.

(c) Accepts that any failure on the part of the vendor to meet offset obligations may result in action under Para 93 of Chapter II of DPP 2020.

(d) Undertakes to furnish technical and commercial offset proposals as per formats at Annexure-II and III of Appendix J within the time period stipulated in the RFP.

Note: Failure to submit the undertaking along with the main Technical Bid shall render the bid non-responsive and liable to be rejected.
FORMAT FOR SUBMITTING TECHNICAL OFFSET OFFER

1. The bidder ______ hereby offers the following offsets in compliance with the technical offset obligations in the RFP:

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Eligible Offset Products/ Service Being Offered</th>
<th>Avenue for discharge (quote sub Para 3.1)</th>
<th>Multiplier applicable (quote applicable Para)</th>
<th>Percentage of Total Offsets</th>
<th>IOP/ Agency for discharge</th>
<th>Time Frame for Discharge of Offsets</th>
<th>Whether Related to Main Equipment Being Supplied (Yes/No)</th>
<th>Remarks</th>
</tr>
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</tbody>
</table>

**Note:** Vendor to provide following along with technical offset offer:

(a) **Undertaking that IOP is an eligible offset partner as per applicable guidelines.**

(b) **Company profile of IOP/agency.**

(c) **Details with quantities of the proposed offset.**

(d) **Letter of IOP agency confirming acceptance of the offset project in case of direct purchase or investment**

(e) **In Case banked offsets are planned to be utilised their details certified by DOMW**

(f) **List of Tier-1 sub- contractors, if any, through whom offset obligations are proposed to be discharged, with percentage for discharge.**

(g) **Proposals for Technology Acquisition by DRDO under Para 3.1(f) of Appendix D to Chapter II should be submitted separately in the format at Annexure IX to Appendix D to Chapter II.**
FORMAT FOR SUBMITTING COMMERCIAL OFFSET OFFER

1. The bidder ______ hereby offers the following offsets in compliance with the commercial offset obligations:

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Eligible Offset Product/Service Offered</th>
<th>Avenue for Discharge (Quote Sub Para of 3.1)</th>
<th>Multiplier Applicable to Quote (Applicable Para)</th>
<th>Percent-age to Total Offsets</th>
<th>Value of Offset</th>
<th>IOP/Agency for Discharge</th>
<th>Time Frame for Discharge of Offset</th>
<th>Whether Related to Main Equipment supplied (Yes/No)</th>
<th>Remarks</th>
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</tr>
</tbody>
</table>

Note: Vendor to provide following along with commercial offset offer:

1. **Undertaking that IOP is an eligible offset partner as per applicable guidelines.**
2. **Company profile of IOP/Agency**
3. **Details with values of the proposed offset, including details of Tier-1 sub-contractors, if any**
4. **Letter of IOP/Agency confirming acceptance of the offset project in case of direct purchase or investment**
5. **In case banked offsets are planned to be utilised, their details certified by DOMW.**
6. **Value of investment “in kind” supported by documentary evidence.**
7. **Details of the business model for proposals relating to Paras 3.1 (c) and (d) of the offset guidelines should be indicated, as applicable**

2. This annexure will also be used by the vendor to submit proposal for banking of offsets (Para 2 of Annexure VII of Appendix D to Chapter II). In such cases Note (e) above will not be applicable.
TRANSFER OF TECHNOLOGY (TOT)

1. **Preamble**

(a) ToT shall be provided by Collaborator (Bidder) to the Production Agency (PA). The scope of ToT is covered in Para (c) below.

(b) Technology used shall be current, state-of-the-art as used in the contemporary systems.

(c) The ToT shall be comprehensive, covering build strategy and all aspects of design, manufacturing know-how and detailed technical information which will enable the Production Agency to manufacture, assemble, integrate, test, install and commission, use, repair, overhaul, support and maintain the vessel(s). Design data shall include the details that are needed to give design decision during production on deviation/concession; modify/upgrade the vessel(s) and substitute parts and systems of the vessel(s) as required by the Certifying Agency and the Production Agency. Purchase specifications for each and every equipment along with the indicative prices to enable the PA to individually purchase each and every equipment for the vessel(s).

(d) The Collaborator is required to provide the latest version of Configuration Control Document which will provide detailed breakdown of the product structure in terms of lower level subsystems/assemblies/sub-assemblies/modules/detail parts etc with their latest modification status. All updates during the term of the Agreement should be provided as and when issued free of cost. Consolidated list of updates during the year should be provided during the first quarter of the subsequent year.

(e) The Collaborator should submit an undertaking that he would provide and support complete ToT for phased manufacture to the PA for the vessel. Support will be provided for a minimum period of 20 years after the last unit is produced at PA’s vessel yard under the present proposal.

(f) The vendor should provide total support and facilitate ToT of the subsystems from his sub-vendors/OEMs if desired by the buyer.
(g) Collaborator should submit an undertaking not to exceed price for the Transfer of Technology covering the following parameters:-

(i) License Fee  
(ii) Documentation.  
(iii) Technical Assistance.  
(iv) Training.  
(v) Materials.  
(vi) Spares.  
(vii) Tooling  
(viii) Special Tools.  
(ix) Standard Tools.  
(x) Ground Support & Test equipment.  
(xi) Programme Management.  
(xii) Special Infrastructure facilities deemed necessary to support the operations.

(h) Collaborator may note that this “not to be exceeded price” will be used for commercial evaluation. Collaborator selected after technical & commercial evaluation will enter into detailed contractual negotiations on various aspects of the Transfer of Technology to the PA based on the “Not to be exceeded” quotes.

(j) It is likely that some of the assemblies/sub-assemblies/modules/PCBs used in the realisation of higher level assemblies/sub-systems and systems are manufactured by the OEM’s vendors/sub-contractors either based on Engineering documentation provided by the Collaborator or developed by the Collaborator’s vendors/sub-contractors based on procurement specifications provided by the OEM. Further, as a result of multiplicity of technologies involved and for reasons for price competitiveness arising due to economies of scale, some of the items used in the manufacture of licensed product may be bought out by the Collaborator from vendors

2. **Evaluation of ToT.** The ToT being offered by the Collaborator shall be evaluated by the TEC in collaboration with the Production Agency.

3. **Phased Manufacturing Program** (Phases to be indicated by Buyer)

4. **Itemised Price List (IPL).** The Collaborator shall provide Itemised parts list within three months of the signing of contract. Man-hours required during various phases of manufacture to realise the fully finished vessel shall also be provided. The prices of components, fabricated parts, standard items, bought out items, proprietary items as may be relevant shall be provided for various phases of manufacturing programme. The list shall include the source of supply of components, standard items, Bought Out Items (BOI’s) and the ToT shall include authorisation to Production Agency to procure these items directly from the sources without going through the Collaborator. In case the items are sourced through the Collaborator, then the item costs should remain unaltered. If applicable, yearly escalation from the base date of quoted price will also be indicated for each of the items. In addition, the collaborator is to forward a copy of all equipment/material purchase orders with complete purchase specifications and prices to the PA within 30 days of the placement of the order.
5. **Supply of Documentation**

(a) The ToT Data and Documentation to be provided by the Collaborator shall be in English language, suitable for direct application on the shop floor and should not call for re-work by the PA. Documentation under the following heads will be included and will be provided as soon as its finalization for the _______ vessels being built at Collaborator’s yard. Any amendment to the documentation will be promptly forwarded to the PA:

(i) Engineering documentation

(ii) Software documentation and Firmware support manual for embedded software including source code.

(iii) Complete Manufacturing documentation including work instructions as applicable for construction of vessel(s) at PA’s yard.

(iv) Complete Test documentation including the documentation for carrying out tests of equipment/ material, if any, prior to shipping in/ installation on board. The collaborator will also be required to submit the filled in test and trial data in the formats as applicable for vessel(s).

(v) Technical Manuals.

(vi) General documentation including Company standards, National and International standards and specifications.

(vii) Additional documentation or repairs centre.

(viii) Illustrated parts catalogue.

(ix) Design data- stress, fatigue, performance, qualification, environmental test, life (calendar/total/overhaul), where applicable.

(x) Source identification for Bought Out Items (BOI’s) and subcontracted items; standard parts, consumables etc.

(xi) Spares parts lists and price catalogue for Operator (O) and Depot (D) level maintenances.

(xii) Recertification/re-qualification test plan, series test, special category tests due to change in venue of manufacture, where applicable.

(xiii) “Yellow band” units, calibration stands where applicable.

(xiv) Complete set of quality control documentation namely, Quality procedures, plans, standards, ESS, Special tests during production other than ATP and any other applicable documentation.

(xv) Data on reliability-FMECA, MTBF, MTBO, MTBUR, MTBR.

(xvi) Pert for high, medium and low level of project management with training on the same to the customer and PA.
(xvii) Planning Documents including all Work Instructions for construction used in the collaborators yard and guidance for preparing similar WI’s for the PA yard.

(xviii) Quality Documents including shop level quality checks and procedures.

(xix) Trial procedures for vessel performance, combat systems and signature and vibration measurements.

(b) The details/definition of Documentation to be provided by the Collaborator under the above heads is enclosed at Annexure I to Appendix K.

(c) The Collaborator is required to furnish ‘Compliance Statement’ in respect of each type of detailed documentation requirement listed at Annexure I to Appendix K. Non-compliance by the Collaborator against any of the documentation requirements depending upon its criticality will have an adverse bearing in the evaluation of ToT proposal.

(d) The documentation to be supplied by the Collaborator shall be that which is used by the Collaborator or its sub contractors for the purpose of manufacturing, assembly of vessel(s) at the shipyard of construction. The Collaborator will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the Production Agency for manufacturing, assembling, testing, installation, commissioning, maintenance and tests/trials of vessel(s) at his shipyard. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant Military (MIL) Specifications or as mutually agreed with the User’s Certification Agency.

(e) Documentation as detailed in Annexure I to Appendix K to enable the Production Agency procure, manufacture, operate and maintain the SMTs, STEs, Tools, Jigs and Fixtures required for the indigenous manufacturing phase, shall be provided. Wherever software is used, details of the software as per documentation listed at Annexure I to Appendix K including Source Code and Firmware Support Manual shall be provided. The collaborator should inform the PA on the need to go in for the software upgrades so as to work in synchronisation with the data provided.

(f) The Collaborator shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the product being offered.

6. **Product Upgrades.** Technical data including relevant Documentation update in respect of any modifications/improvements/upgrades undertaken by the Collaborator for construction of vessel(s) during the entire life cycle of the product/license Agreement shall be provided to the Production Agency at no additional cost during the entire life cycle of the product.

7. **Training**

(a) As part of ToT, Industrial Training required by the Production Agency to realise the Fully Finished vessel, during various manufacturing phases and for providing component level maintenance support to the Customer shall be provided by the Collaborator. The Industrial Training shall be in English language, comprehensive, covering all aspects of design, manufacture, software, installation and commissioning, system integration and component level maintenance of the product down to sub-assembly, modules and PCB level. Apart from classroom training covering the critical aspects, due emphasis will be given to on-the-job training.
(b) All aspects of software are to be comprehensively covered during the software training module, with a view to enable Production Agency’s software engineers undergoing training to acquire skills in the use, maintenance and update of the software.

(c) Industrial Training shall be in Collaborator’s yard and/or in the plants of its subcontractors, principals and subsidiaries as the case may be. Collaborator shall ensure that such training is organised at the time when Collaborator has the vessel of similar nature under production in its plant or in the plant of its sub-contractors.

(d) Collaborator shall provide complete details of Industrial Training programme which will include scope, location, number of trainees and the duration for each phase of training in terms of instructor man weeks. Such Industrial Training programme shall be mutually agreed upon between Collaborator, Production Agency and the Buyer.

(e) Details of the training shall be sub-divided into batches with the date of start for each batch, duration of training etc, as will be agreed upon by Collaborator and Production Agency subject to overall training schedule. Operation and Maintenance training for end user shall also be provided.

(f) Details of Industrial and User Training Programme recommended by the Collaborator shall be provided as an Enclosure to the technical bid. Collaborator shall provide details regarding the training aids and simulators required at the production agency and at user locations. Long term training of production agencies at the design departments of Collaborators shall also be included to give a complete exposure to trainees on design practices of Collaborator. This will help in design, liaison, support, including upgrade Modifications/Troubleshooting/Concessions during the entire life cycle of the product.

8. **Shipbuilding Management and Organisation Proposal**

(a) The Collaborator shall propose an approach to the setting up of a management team for PA to be capable of effecting shipbuilding programme to meet the requirements of good quality, cost effectiveness and minimum delivery period in shipbuilding when building the vessels at the PA’s yard. The collaborator will also propose a detailed list of management team required to be positioned by the PA/Indian Navy for accessing/being trained in all aspects of design and production connected with the project when vessels are built at the collaborator’s yard. The collaborator will provide office facility at the collaborator’s works and provide assistance to arrange for accommodation facilities in the near vicinity of the works.

(b) For the above proposal, the Collaborator is to propose a complete organisational set up to cater to the following disciplines:

   (i) Design and Planning

   (ii) Project Execution
(iii) Procurement of Equipment

(iv) Finance and Electronic Data Processing

(v) QA & QC

(vi) Training

(vii) Commissioning and trials

(c) The Collaborator is to define the functions and terms of reference of each and every unit in the Shipbuilding Department given above. Such a definition will entail the submission of detailed responsibilities of each individual assigned to the department in line with manpower projections.

(d) As part of ToT, Collaborator shall provide requisite technical assistance to the production agency during the phased manufacturing programme of the product in India. The details of such technical assistance considered necessary by the Collaborator shall be provided as an Enclosure to the technical bid. The total technical assistance package shall be in number of man weeks spread over number of missions. Collaborator shall provide question/answer service and modification advices during the life cycle of the product at no additional cost.

9. **Special Maintenance Tools (SMTs) and Special Test Equipment (STEs)**

(a) Collaborator shall provide complete technical data of the SMTs and STEs used in the production, assembly, test and maintenance of product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs. Details on manufacturing hours and cost details are to be provided.

(b) Details of special category test (recertification, production series testing) along with test rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code and Firmware Support Manual for embedded software shall be provided.

(c) Collaborator shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the Collaborator.

10. **Consumables** List of consumables required for the manufacture/maintenance of vessel along with cost, source details and life data shall be provided.

11. **Special Technologies/Processes** The Collaborator shall mention in the ToT proposal about special technologies and special coatings and treating processes along with details of plant and machinery/running cost etc vis-à-vis specific components/assemblies.

12. **Product Support**, Collaborator shall ensure that the product support including supply of spares and management of obsolescence for a minimum of 20 years from the time the last vessel is produced under the present proposal, shall be available to the production agency/its customer. Collaborator shall also provide a proposal for transferring the complete product support to the production agency in a phased manner.
13. **Commercial Bid.** The commercial bid should be submitted in a separate sealed cover and will include the following:-

   (a) Construction of vessels at the collaborators yard.

   (b) Complete Transfer of Technology (ToT) for licensed production of additional vessels in India at PA, a Defence Public Sector Undertaking (DPSU).

   (c) Supply of ‘Infrastructure Deliverables’ for setting up of production infrastructure at PA as listed at **Annexure III to Appendix K**, after assessing for completeness of the same, for enabling PA to construct the vessel(s).

   (d) Offset obligations as listed at **Appendix J**.

14. **Transfer of Technology (ToT).** Collaborator shall provide commercial bid for providing complete Know-How and documentation for the manufacturing of vessel, Industrial Training and Technical Assistance and the required rights, licenses and authorisation to manufacture, use and sell the product. For the Industrial Training and Technical Assistance phase, man week rate for providing training/technical assistance in Collaborator’s own yard or in India may be separately provided. (**Refer Annexure I to Appendix K**)

15. **Supplies**

   (a) **Equipment and Systems.** Collaborator shall provide itemised price list for supply of equipment and systems, inclusive of the production mortality used by the Collaborator during manufacture of vessel in its plants.

   (b) **SMTs, STEs, Tools, Jigs and Fixtures.** Collaborator shall also provide complete list with itemised prices for SMTs, STEs, Tools, Jigs and Fixtures required for the manufacturing phase. In case of Tools, Jigs & Fixtures where large quantities are involved, category-wise prices may be provided. Collaborator shall also provide prices for ‘O’ level and ‘D’ level maintenance facilities of vessel by the User/Customer.

   (c) **Bought Out/Outsourced/Subcontracted Items.** Collaborator shall provide the complete list of items, which are bought out/outsourced/subcontracted for use in the manufacture of vessel along with itemised prices and details of the sources for procurement. Authorisation for direct procurement by the production agency from these sources shall be given so that no development cost or NRE charges are incurred. In case where suggested sources decline to supply the components/materials, Collaborator shall take responsibility for supply of same or suggest alternate sources for the procurement of suitable equivalent components/materials during the indigenous phase of construction.

   (d) **Life Cycle Costs.** The collaborator shall provide a model for estimating the life cycle cost of the vessel(s) and the basis thereof. Factors such as operational hours/tear, MTBF, requirement of maintenance spares, mandatory replenishments during preventive maintenance schedules etc may be considered for arriving at the model for determining life cycle costs.

   (e) **Spares.** The Collaborator shall provide itemized price list of spares required as per the levels of maintenance of vessel. (**Refer Appendix D**
16. **Payment Terms.** Specimen Format for Providing Prices is at Annexure II to Appendix K (needs to formulated by the Collaborator for specific produces based on identified milestones)

17. **Delivery Schedule.** Collaborator shall provide complete schedule for delivery of the vessel(s), Spares, ToT including the transfer of documentation, provision of Industrial Training and Technical Assistance, SMTs, STEs, Tools, Jigs and Fixtures. The Documentation for a specific phase shall be provided one month prior to the commencement of training for that phase to enable the trainees to study the documentation prior to the training. Specimen format for the delivery schedule is at Appendix L.

18. **Liquidated Damages.** Collaborator shall undertake to complete its obligations in accordance with the contractual delivery schedule. For delay in delivery of the VESSEL(S)s, Spares, ToT including the transfer of documentation, provision of Industrial Training and Technical Assistance, SMTs and STEs and delays caused by or attributable to the Collaborator, the Production Agency shall be entitled to claim liquidated damages from the collaborator.

19. **Warranty**

(a) **Documentation.** Collaborator shall warrant that the documentation supplied shall be identical, complete and of equal quality as the documentation used by him in its own activities and shall be accurate and complete for manufacturing, assembling, integrating and testing of the product and shall provide updates including modifications/improvements during the life cycle of the product/tenure of the License Agreement.

(b) **Material/Equipment/Kit Supply.** Items supplied should be free from any defects arising from faulty material, design or workmanship and should be guaranteed for quality/satisfactory performance for a period of minimum 12 calendar months from the date of commissioning of the vessel. During this warranty period, defects arising from faulty material, design or workmanship, shall be remedied by Collaborator at his own cost. If it becomes necessary, the Collaborator should replace any defective portion of the goods or replace the material/equipment as a whole without any additional cost to production Agency.

(c) All supplied software should be verified & validated by Collaborator for use of the Production Agency.

20. **Infringement.** Collaborator shall indemnify and protect at its own cost, the Production Agency in respect of cost/claims/legal claims/liabilities arising from third party claim with regard to the existence of any patent or intellectual & industrial property right of any such parties in India or from other countries.

21. **Performance Guarantee.** Collaborator shall guarantee the performance of the ---- vessels built at Production Agency’s yard to design Specifications at the collaborator's location.
22. **Validity.** The bid will be kept valid for acceptance for a minimum period of 18 months from the date of submission.

23. **Technical Collaboration Agreement (TCA).** Post CNC, the Collaborator shall enter into a detailed Technical Collaboration Agreement (TCA) with Production Agency incorporating mutually agreed terms and conditions.

24. **Global Rights.** Collaborator shall clearly indicate the extent of global rights of sales, which they would be willing to offer to the Indian production agency.
DOCUMENTATION DETAILS TO BE PROVIDED BY COLLABORATOR

(AS APPLICABLE)

1. **Engineering Documentation.**
   
   (a) Product Structure.
   
   (b) Parts List.
   
   (c) Part Electrical Lists.
   
   (d) Part Drawings.
   
   (e) Assembly drawings.
   
   (f) Cable layout diagram including its part list, connectors and end preparation details.
   
   (g) Configuration Control Document.
   
   (h) Stress Reports (static/fatigue), performance reports, type test Schedule/records, type test certificate.
   
   (j) Drawings of castings/forgings with material details, collaborator information, heat treatment details & process details.
   
   (k) Details of collaborator items specifically developed for the Licensed Product.
   
   (l) For PCB Cards: Schematics, General Assembly drawings, Assembly instructions, PCB blank documents, Drilling Drawings, Punch tape and master film complete with Gerber data, SMD location processing files including CAE/CAM files, component foot print/dimension details etc.
   
   (m) Engineering Change proposals covering details of modifications.
   
   (n) Wiring List and details including schematics of sub-assembly/modules/drawers/racks.
   
   (p) Bill of Materials and Ordering Specification with collaborator addresses including OEMS specifying MIL grade details.
   
   (q) Details of all non-MIL Grade components and their screening procedures.
   
   (r) Full technical details of ASICS and Hybrid Microcircuits including manufacturing documents.
(s) Full technical details of Proprietary Items if any (including manufacturing documents).

(t) List of components where traceability records are important.

(u) Details of environment tests carried out on equipment and its sub-systems/PCB Assemblies etc.

(v) Material data sheets- chemical composition/mechanical- properties- for all metallic/non-metallic materials and consumables.

(w) Data sheets for ICs, Transistors, MOSFETs etc

2. **Software Documentation.**

   (a) Software Requirement Specification.
   (b) Interface design document.
   (c) Software Change proposals.
   (d) Firmware support manual for embedded software.
   (e) Software environment/tools including third party procurements.
   (f) Software Test Procedure.
   (g) Software User Manual.
   (h) Software installation procedure including user settings of passwords, site specific data and any customisation code/key or encryption.
   (j) IV & V details (independent verification & validation).

3. **Manufacturing Documentation.**

   (a) Operation sequence sheets. Process Sheets including details of special processes and finishes.
   (b) Complete set of drawings for tooling, jigs and fixtures.
   (c) Programme for production (e.g. s/w as applicable)
   (d) Photographs of wiring harness/bundling level.
   (e) List of shop consumables with details of specifications, sources of procurement, data on shelf life.
   (f) Assembly tree/sequence, assembly process sheets including assembly settings and checks, assessments to be made, matching sub assemblies, markings.
   (g) Any special manufacturing facilities to be set up indicating plant and machinery, test equipment and their collaborator details and cost.
(h) Estimated man-hour requirements for fabrication, assembly and testing at component/sub-system/system/integration level.

(j) Inspection stages, quality plan, details of inspection equipment, gauges etc.

(k) Calibration procedures for inspection equipment, gauges, heat treatment & process equipment (furnace/baths).

(l) Special precautions to be taken while Soldering/De-soldering and Testing Static sensitive devices

4. **Test Documentation.**

(a) Ship/Vessel acceptance testing procedures as well as the associated acceptance criteria and conditions.

(b) Factory Test specification, procedure and acceptance test specification, procedure for PCBs, modules, sub assemblies and equipment with detail instructions on test set up, use of test and/or simulation equipment and software, execution of test with recording of results.

(c) Complete set of drawings for manufacture of test jigs including ATE fixtures, programmes as applicable.

(d) Complete set of drawings for special to test equipment. This will include manufacturing drawings as well as software documentation.

(e) Special category test details (recertification, production series testing, quality assurance testing.

(f) “Red band” units, calibration procedures for test rigs/equipment.

5. **Technical Manuals.**

(a) User handbooks detailing operational use of equipment.

(b) Installation & commissioning manual.

(c) Technical description of PCB, Modules, drawers, racks, etc with details of block diagram, schematic general assembly drawing, timing details, PROM etc.

(d) Maintenance manual covering

(e) Permissible worn-out dimension limits, acceptance test procedure and acceptance limits of overhauled product.

(f) Repair/salvage schemes, mandatory replacement parts.

(g) Periodic maintenance.
(h) Trouble shooting and fault diagnosis manual. Testing and repair procedure for faulty PCBs up to component level and peripheral equipment received from the customer.

(j) Structural breakdown list for complete equipment.

(k) Recommended spares list, site supply and depot stocking.

(l) The maintenance manual shall cover the product for which the file of drawings/documents is given as well as all vendor items which are part of licensed product.

(m) Overhauling manuals including details, tests, adjustment, calibration tuning etc., for all levels of equipment.

6. **General Documentation (including Standards and Specifications)**.

(a) Standard inspection method (inward goods in-process and final acceptance).

(b) Material/component and product standards including general fasteners and consumables.

(c) Process standards/procedures.

(d) Workmanship standards/procedures.

(e) Quality standards/procedures including incoming inspection procedures, quality manuals.

(f) General procedures.

(g) Qualified Collaborator Lists.

(h) Standard tools, jigs and fixtures.

(i) Design standards/company standards.

(j) ISO 9001 certification of OEM, collaborators & subcontractors/ ISO 14000 certification.

7. **Additional Documentation.** Repair centre documents including details of test instruments, jigs, fixtures etc., for the end user.

8. Documentation shall be provided in the form of hard copy and magnetic media, including that required for making number of copies of technical manuals as specified in **Appendix A**. Documentation shall be provided in English language.
FORMATS FOR PROVIDING PRICE BREAK-UP OF TOT
(As applicable)
INFRASTRUCTURE DELIVERABLES BY THE COLLABORATOR TO PA FOR THE PROJECT

Table 1: LIST OF INFRASTRUCTURE REQUIREMENTS (INFRASTRUCTURE DELIVERABLES BY COLLABORATOR AND TO BE COSTED)

TABLE 2: LIST OF SERVICES/FACILITIES FOR WHICH TECHNICAL INPUTS ARE TO BE PROVIDED BY THE COLLABORATOR

TABLE 3: LIST OF JIGS, FIXTURES & PROTECTIVE GEAR (INFRASTRUCTURE DELIVERABLES BY COLLABORATOR AND TO BE COSTED)

TABLE: TRAINING REQUIREMENTS
APPENDIX L TO SCHEDULE I TO CHAPTER 1
(Refers to Para 4 of Schedule I)

DELIVERY SCHEDULE

(a) DELIVERY SCHEDULE OF VESSELS

To buyer’s representative, afloat at (place- may be specified), at the Seller’s cost. The onboard spares (OBS), special tools, accessories, and documents/publications shall be delivered along with delivery of the vessel(s). 'As Fitted'/’As Made' drawings are to be delivered after the delivery of the respective vessel(s). The consignee for the B&D spares alongwith delivery schedule is (Name of authority-may be specified).

(b) DELIVERY SCHEDULE OF TRANSFER OF TECHNOLOGY (ToT) AND INFRASTRUCTURE DELIVERABLES (if applicable)

The proposed delivery schedule for ToT and Infrastructure Deliverables to Production Agency (PA)
CERTIFICATE-MALICIOUS CODE

(To be rendered on Seller’s Letterhead)

1. This is to certify that the Hardware and the Software being offered, as part of the Contract, does not contain embedded malicious code that would activate procedures to:-

   (a) Inhibit the desired and designed function of the equipment.

   (b) Cause physical damage to the user or equipment during the exploitation.

   (c) Tap information resident or transient in the equipment/networks.

2. The firm will be considered to be in breach of the procurement contract, in case physical damage, loss of information or infringements related to Copyright and Intellectual Property Rights (IPRs) are caused due to activation of any such malicious code in embedded software.

(Signed)

Designation/Name/Address of firm

Date:

Place:
**INFORMATION PROFORMA Engagement of Agent by Foreign Vendor**
(Separate sheets to be filled in case of multiple Agents)

1. Procurement Case……………………………………………………………………
2. Has the vendor engaged/proposes to engage any Agent [Yes/No]:
3. If Yes, **Details of Engaged Agent**:
   
   Name of the Firm/Individual……………………………………………………………..
   
   Address ..........................................................
   ..........................................................
   ..........................................................
   Registration No ..........................................................

4. Date of Engagement ..........................................................
5. Period of Engagement ..........................................................
6. Scope of Work and Responsibilities..........................................................
   ..........................................................
   ..........................................................
   ..... 
7. **Payment Details**:
   
   Payments made in last 12 months……………………………………
   
   Brief Terms of Payment ..........................................................
   ..........................................................
   ..........................................................
8. Any other Details ..........................................................
   ..........................................................
   ..........................................................
9. **Declaration.** It is certified that the above information is true. Any change in the information, including termination of an Agent, will be intimated within two weeks of occurrence. Details of further payments will be intimated annually.

Place: 
Date: 

(Authorised signatory)

Vendor Name and Address
CHAPTER 2

REFITS / REPAIRS
CHAPTER 2

REFITS/ REPAIRS OF SHIPS/ SUBMARINES/ CRAFTS/ ASSETS TO
INDIAN PSU/ PRIVATE SHIP YARDS/ TRADE

General

1. A ship/submarine is a platform that consists of an assortment of weapons, sensors and support systems, along with propulsion, power generation and auxiliary systems, facilities for crew and fuel and provisions. All the surveillance and weapon systems are interlinked and integrated through an elaborate data management system. The platform as a whole or a part thereof is required to be refitted/reppaired from time to time, including inter alia disassembly, docking, inspection/survey, repair/overhaul followed by trials in harbour and at sea. As an integral part of the refit process, approved modifications to structure, equipment, machinery and systems including installation of new equipment are also carried out. Overall, the partial/complete refit of a ship/submarine/yard craft is a complex activity, wherein concerted planning is required much before the commencement of the repairs/refit and also during the course of the repairs/refit to ensure completion in a time bound manner and make the platform seaworthy and battle worthy. Repair of Marine Assets/Service Assets also involve the same kind of planning as required for undertaking repairs/refits of Ships/Submarines. The entire activity is different from other revenue procurement activity, such as, procurement of goods and stores or even other services, since a number of technical issues are required to be addressed, including visits by the bidders to the ship/submarine/assets to be repaired/refitted. For the purpose of clarity, the following definitions would be used in respect of ships/submarines/crafts/assets and their associated repairs/refits:-

(a) **Refit.** Includes all activities towards servicing of equipment/refurbishment/renovation/modifyiong including inter alia planned dry docking to attain designed/stated performance.

(b) **Repair.** Includes all activities, where a defect/anomaly in performance/degradation in performance of equipment necessitates remedial measures on the stated equipment.

(c) **Marine Assets.** All assets including yard crafts, boats, barges (both dumb and self-propelled), Battle Practice Targets (BPTs), Pontoons, Catamarans, Floating Dry Docks, Dock Gates, Caissons, Flap Gates, etc which come in direct contact with the Marine Environment are Marine Assets.

(d) **Service Assets.** All assets other than Marine Assets including Jetty Cranes, Mobile Cranes, Listers, Trailors, Mobile Generators, Mobile Chilling Plants, Forklifts, Workshop Machinery, etc., non-availability of which either directly or indirectly affect the productivity of a unit are Service Assets.

(e) **Competent Technical Authority (CTA).** The CTA is the head of the Service Repair Agency under the relevant CFA.

(f) **Service Repair Agency.** The agency of the Navy/Coast Guard whose job is to execute the maintenance and/or the maintenance policy of the ship/submarine/yard craft.
(g) Post Defectation Demand (PDD) Spares. The spares required for completion of repairs/refit, which are evident only upon opening up/dismantling of the equipment/system and can normally not be foreseen at the time of formulation of scope of work.

2. **Aim.** The aim of this chapter is to lay down guidelines for offloading of partial/complete repairs/refits of ships/submarines/assets to Indian PSU/Private ship repair yards/trade owing to the unique nature of repairs/refits necessitating a distinct procedure. Though general guidelines mentioned in Chapter 2-8 will be applicable for general issues, the unique provisions mentioned in this Chapter will supplement those guidelines due to peculiarity of these type of procurements. The succeeding paragraphs enumerate the detailed guidelines to be followed in the refits/repairs of ships/submarines/crafts and the procedure for repair of all Marine/Service assets.

3. **Refits of Ships/Submarines.** Refits of ships/submarines are scheduled in accordance with the Ops-cum-Refit cycles promulgated for each class of ship. The refit schedules for a Two – Three year period (as the case may be for CG and Navy, respectively) are decided during the Annual Refit Conference (ARC), chaired by COM (Navy) and PDFM (CGHQ), respectively. The proposals for offloading of refits due to constraint of capacity/expertise are discussed and approved during the ARC.

4. **Tendering:** All partially/ fully off loaded refits/repairs may be undertaken on Long Term Contracts (Multiple Refit Contracts) or on OTE/LTE basis depending upon the case. The Long Term Contracts of multiple refits of Ships / Submarines / Yard crafts or a Class of Ships / Submarines / Yard crafts by means of a single RFP / tender should be the preferred mode since it would also ensure build-up and retention of capacity and expertise.

5. To save hidden costs on fuel consumption, administrative expenses, support infrastructure requirements, etc. in offloading the refit/repair work to shipyards located away from the base port, competitive tendering on LTE basis to the shipyards in the immediate geographical vicinity of the ship’s base and those shipyards willing to undertake the refit in such vicinity, may be considered. In case, the response from these shipyards is poor, quotes may be invited from other shipyards to undertake the repairs/refits at the location specified by the Customer.

6. **Long Term Contracts (Multiple Refit Contracts)** Conclusion of Long Term Contracts (5 years) with designated shipyards for partial/ complete refits would be the preferred approach of refit. The following mechanism would be followed:-

   (i) The SHQ (IN/ICG) would arrive at standard work package on platform/equipment as applicable based on its service life.

   (ii) For indigenously built ships, the Long Term Contracts would be preferably concluded with the construction shipyards since the design specifications, drawings and technical details of the platform/equipment is held with the construction shipyards.

   (iii) For foreign built ships, the IN/ICG would conclude Long Term Contracts for partial/complete refits with the designated shipyards.

   (iv) Long Term contracts for refits to cater for both the material and services and comprise of standard clauses of contracts like guarantees, warranties etc.
The assessment of Shipyards may be maintained based on following major parameters:-

(aa) Completion of Refit as per time and within contracted costs
(bb) Quality of refit with warranty of 2 years
(cc) Accord of Service Life Extension of the platform for a period of 10 years

If refit quality not satisfactory, the Shipyard could not be considered for balance refits or during renewal of contracts.

The designated shipyard could be identified through the process of tendering or through selection using the capacity criteria (technical and financial gate) as specified in ship building contracts.

Equipment specific work during major refits may be undertaken at Naval Yards depending upon availability of repair facility.

In such cases the equipment post overhaul is to be handed over to the refitting shipyard atleast 2 months prior completion of refit for enabling its installation, STW and Integration with other equipment.

7. Offloading of Partial/ Complete Refits/ Repairs of Ships/ Submarines

7.1 Procedure. The stages involved in offloading of partial/ complete repairs/refit of ships/submarines are enumerated in the succeeding paragraphs.

7.1.1 AON stage.

7.1.2 The Service Repair Agency would put up a comprehensive plan for offloading that will include the following:-

(a) Cases approved for off-loading during ARC.

(b) Schedule of Refits being off-loaded.

(c) Rough Indicative Cost (RIC) of approved cases.

7.1.3 Offloading Plan. The cases for off-loading will be consolidated into the offloading plan with the under mentioned parts. The offloading plan (Roll-On Basis) would serve as an indicator of the estimated spread of expenditure and anticipated budget requirement for the next two to three years.

(a) Part A. Consolidated cases that would individually be processed under delegated powers of ASDs/CSY/COMDISs for the ensuing year.

(b) Part B. Consolidated cases that would individually be processed under delegated powers of CinCs/COMCGs for the next two years.

(c) Part C. Consolidated cases that would individually be processed under delegated powers of VCNS/DGICG for the next two/three years.
(d) **Part D.** Consolidated cases that would individually be processed under delegated powers of MoD for the next two/three years in respect of Coast Guard and Navy respectively.

7.1.4 **RIC.** The RIC for approved cases would be roll-on in nature and under the following heads:-

(a) Major Engineering Work Package.

(b) Major Electrical & Weapon Work Package.

(c) Major Hull Work Package.

(d) Major Equipment Replacement/ upgradation.

(e) Services.

(f) Material and Spares.

7.1.5 **AIP.** The AIP for the offloading plan would be accorded at the Service HQr level during ARC/ MYRR.

7.1.6 **AON.** The AON for the offloading plan would be accorded by the CFA based on the financial implication of the individual cases. For instance, the AON for Part B of the offloading plan would be accorded by the respective C-in-C/ COMCG (even if the consolidated financial implications exceed the delegated financial powers). The financial consultation for each part of the offloading plan would be given by the concerned IFA of respective CFA. The AON would be accorded for the cases to be processed at the indicated cost and valid for the period of consolidation on a roll-on basis. On accord of AON for the entire offloading plan, the same would be forwarded to all concerned CFAs and IFAs for record by Navy/Coast Guard. AON would be accorded for the Standard RFP and SCOC placed at DPMF-25 and DPMF-26. The work package should be firmed up prior to issuance of the RFP, in order to incorporate a realistic estimate of Scope of Work.

7.2 **Issue of RFP**

7.2.1 **RFI Conference.** In case, where the repair/refit project involves firming up of technical issues prior to issue of RFP, in such cases, a Request for Information (RFI) Conference may be held with prospective Bidders followed by issue of a formal RFP. RFI conference should generally be held for cases of long term contracts of multiple refits of Ships / Submarines / Yard crafts or a Class of Ships / Submarines / Yard crafts by means of a single RFP / tender.

7.3 After the accord of AON, with firmed up work package, the RFP for single or long term contracts of multiple refits would be issued by the respective Service Repair Agencies, as and when due with the approval of CFA and concurrence of IFA, as per the delegation of financial powers. The RFP would be issued only to those bidders who satisfy the pre-qualification criteria. The CFAs at their discretion may form 'Procurement Committee (PC) within their domain on case to case basis. The Scope of Work (SOW) would be enclosed with the RFP. The RFP finalised by the PC would be issued by NDs/ NSRYs in case of Navy and BMUs/Station HQs/DHQs/RHQs in the case of Coast Guard.
7.4 In case of any deviation from the standard RFP or upward revision of the estimated cost, the case along with the revised draft RFP would be forwarded for vetting and approval of CFA in consultation with IFA where required as per delegation of financial powers. Variations from Standard RFP and SCOC for individual cases can still be part of the Roll-On Plan, in which case, those specific cases are to be accorded separate AONs along with the variations in the RFP and SCOC.

7.5 All emergent cases due to service exigencies may be taken up for AON of CFA separately. In such cases, if the financial implication of the offloading case is beyond the powers of the immediate CFA, then the SOC along with the draft RFP will be sent directly to the next higher CFA duly recommended for vetting and approval. Concurrence of the intermediate IFA is not required, as the case would be dealt with exclusively by the next higher IFA.

7.6 **Format for RFP.** Standard RFP for used as guideline for cases under Chapter 14 is as per DPMF-25.

7.7 **Receipt and Processing of Bids.**

7.8 **Pre-bid Discussions.** Pre-bid discussions may be held prior to submission of bids for clarification of issues related to the SoW. Ship visit may also be planned for better appreciation of SoW by the bidders.

7.9 **TEC.** On submission of the bids, the TEC would be conducted by the agency nominated by the CFA and the TEC Report is to be forwarded to the CFA. The TEC is not authorised to discuss commercial aspects of the case. However, the TEC should prepare a compliance statement in respect of commercial terms and conditions, such as bid security, warranty, etc included in the technical bid as per the RFP. While IFA need not participate in the TEC, CFA may be considered necessary, evolve a system of associating the IFA or his representative in examination of the TEC report in regard to compliance with the commercial terms and conditions before opening of price /’Q’/ bids. In case of part D cases, the TEC minutes is to be approved at the level of SHQ.

7.10 **Opening of Price Bids.** Post approval of TEC report by the CFA, the price bids of the qualifying vendors are to be opened by the ToC only after the benchmarking is approved by the CFA/PC.

7.11 **Criterion for Determination of L1 Firm.** The L1 Firm would be determined as follows:-

(a) **Navy.** The Cost of Refit, Services and Budgetary Cost of Spares listed in the work package would be taken into account for determination of L1. Payment for such mandatory spares shall not exceed the budgetary cost given in the ‘Price’ bid.

(b) **Coast Guard.** In case of Coast Guard, since mandatory spares are not part of Refit Package, determination of L1 Firm would be considered on account of Cost of Refit inclusive of Services.

7.12 **Loading in Case of Defect List Items “Not Quoted”.** In order to ensure that all offers are compared in an equitable and fair manner, loading would be resorted to for determining the L1. During this process the bids with unresponsive sections/sub-sections would be loaded
by the amount quoted by the highest bidder for that particular section/sub-section for preparing CST. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. A provision to this effect should be included in the RFP.

7.13 Approval of CST. The CST is to be approved by the CFA/PC in consultation with respective FA/PC.

7.14 Price and Contract Negotiations. In view of the complexity of cases processed under this Chapter, Price and Contract Negotiations are to be held with the L1 vendor for discussions and finalisation of all aspects of Contract and Financial Implications.

7.15 Conclusion and Operation of Contract. Upon culmination of Price and Contract Negotiations, the case is to be processed for concurrent approval of the CFA for CNC Minutes, Draft Contract and Financial Sanction Letter in consultation with IFA. On approval of the CFA, the Contract is to be concluded and operated by the designated Contract Operating Authority (COA/DDG(M&M)).

7.16 Offloading of Marine / Service Assets

7.17 Repairs/Refit of Marine Assets. The procedure for complete/partial repairs of Marine/Service assets is the same as given in Paras above, except that the offloading plan in the case of Marine/Service assets would be annual.

7.18 Growth of Work

(a) Since the SoW in refits of ships/submarines are usually non-deterministic and dynamic in nature with regard to resources required for completion, Growth of Work, is a characteristic feature typical of refits/repairs. The quantum, scope and extent of Growth of Work is dependent on various factors, inter alia, age of Ship/Submarine, condition of onboard Equipment/machinery, Condition of Hull, role and exploitation pattern, duration between formulation of work package and actual execution of work leading to increase in scope of work and also spares, modifications and Additions & Alterations. Additional financial sanction up to 15% of Contract Value would be catered for such Growth of Work Payment in all such cases will be made at actuals subject to the respective ceiling stipulated for the Navy and Coast Guard. A Post Refit Report would be drawn up for distribution to all concerned including the IFA.

(b) In case of the Coast Guard, the present practice of allowing a component of up to 15% of the Contract Value towards Growth of Work and up to 20% of the Contract Value towards non-available spares will continue to be followed”.

(c) In all cases where the financial sanction for Growth of Work is approved, Growth of Work on pro-rata cost is to be approved by the COA/DDG(M&M). Where the pro-rata costs are not available, the prices would be negotiated by the COA/DDG(M&M) with Finance representative as member in CNC and the negotiated cost would be approved by COA/DDG(M&M). The guideline for Growth of Work is placed at Form DPMF-27.

(d) In cases where equipment service life is less than 10 years, the growth of work would be not exceeding 15%. In cases where service life of equipment is more than 10 years, the growth of work is to not exceed 25%. This would be also applicable for Long Term Contracts or Multiple Refit Contracts.
7.19 **Payment Terms.** The Stage Payments are to be specified in the RFP for complete/partial offloading of repairs/refit and are to be commensurate with the work undertaken by the yard. The number of stages and payment terms would vary from case to case depending on duration of the project and cost involved and are to be incorporated in the RFP. The recommended stage payment terms for complete refit may be as follows:-

(a) **Refit Cost**

(i) **Stage - I.** 15% advance of basic contracted refit cost against bank guarantee / indemnity bond (in case of DPSUs) which would be paid to the shipyard / firm as follows:-

(aa) 10% on placement of order/contract.
(ab) 5% on submission of PERT and documentary proof with respect to placement of work / supply order / sub-contract on OEMs / firms within 30 days of conclusion of contract.

(ii) **Stage - II.** 10% of the basic contracted refit cost on docking (excluding taxes and Growth of Work).

(iii) **Stage - III.** 15% of the basic contracted refit cost on final undocking and completion of all under water works.

(iv) **Stage - IV.** 20% of the basic contracted refit cost on satisfactory completion of Basin Trials and harbour trials of major machinery/equipment (such as Main Propulsion Plant, Shafting and equipment related to Habitability).

(v) **Stage - V.** 20% of the basic contracted refit cost minus cost of all incomplete work on satisfactory completion of post refit Sea trials and departure of the ship from the shipyard. Cost of incomplete work will be withheld till completion of work.

(vi) **Stage - VI.** Balance along with cost for Growth of Work and taxes on submission of final bill within sixty (60) days on satisfactory completion of Refit. Shipyard to provide a bank guarantee equal to 10% of the final cost of refit/repair (indemnity bond in case of DPSUs), which should be valid till the completion of the guarantee/warranty period.

(vii) All stage and final bill payments are to be vetted and cleared by COA/DDG(M&M).

(b) **Material and Spares.** Advance on signing of Contract of up to 10% of cost of spares, against Bank Guarantee may be permitted. The remaining payment for spares would be made along with the stage payments during refit duration, on submission of proof of Procurement order, Material receipt and Inward inspection. Handling charges, if any, are to be paid at the rate of 7.5%.

7.20 **Evaluation Criteria**
7.21 **Criterion for Determination of L1 Firm.** The L1 Firm would be determined as follows:-

(c) **Navy.** The Cost of Refit, Services and Budgetary Cost of Spares listed in the work package would be taken into account for determination of L1. Payment for such mandatory spares shall not exceed the budgetary cost given in the ‘Price’ bid.

(d) **Coast Guard.** In case of Coast Guard, since mandatory spares are not part of Refit Package, determination of L1 Firm would be considered on account of Cost of Refit inclusive of Services.

7.22 **Loading in Case of Defect List Items “Not Quoted”**. In order to ensure that all offers are compared in an equitable and fair manner, loading would be resorted to for determining the L1. During this process the bids with unresponsive sections/sub-sections would be loaded by the amount quoted by the highest bidder for that particular section/sub-section for preparing CST. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. A provision to this effect should be included in the RFP.

7.23 **Format of Contract.** Standard conditions of Contract (which are in the form of self-contained draft Contract) to be issued with RFP is as per DPMF-26.

7.24 The admissibility of handling Service remuneration charges will be paid @ 7.5% for the total expenditure including taxes incurred by the yard for procurement of spares.

7.25 Performance Bank Guarantee is to be paid by the Firm as indicated in the RFP, inclusive of basic refit cost, AWRF, NA spares including taxes.

7.26 Delivery extension the refit Delivery extension cases with LD may be approved by the Administrative authority. In case of waiver of LD, the cases may be referred to the concerned CFA for approval with concurrence of IFA.

7.27 This Chapter facilitates offloading of refits/repairs of ships and submarines only through Indigenous Shipyards.
REQUEST FOR PROPOSAL (RFP)

INDEX of REQUEST FOR PROPOSAL

Enclosure I of RFP

RFP FOR OFFLOADING OF PARTIAL/ COMPLETE
REFITS/REPAIRS OF SHIPS/
SUBMARINES/CRAFTS/ASSETS TO INDIAN PSU/PRIVATE
SHIP YARDS/TRADE

INSTRUCTIONS TO BIDDERS FOR

1. Quotations in sealed cover are invited for ______________ (indicate nature of repairs/refit/part of refit to be offloaded) of ___________ (Indicate name of ship/submarine/craft/asset) as per the work package listed in enclosed Schedule of Requirement (SOR).

2. General Information about the tender:-
   
   (a) Tender reference No.____________________
   (b) Last date and time for receipt of tenders_________________
   (c) Time and date for opening of tenders________________
   (d) Place of opening of tenders________________
   (e) Address for Communication__________________________

3. The tender shall be submitted in single stage two - bid system, the Technical and Commercial bids. The following enclosures are forwarded along with this enquiry to assist you in preparing your technical and commercial offer: -
   
   (a) Index of Tender Document -
   (b) Schedule of Requirements - Enclosure
   (c) Standard Conditions of Contract - Enclosure - III
   (d) Guidelines for Preparation of Technical Bid - Enclosure - IV
   (e) Guidelines for Preparation of Commercial Bid - Enclosure – V
   (f) Summary Sheet for Costing - Enclosure - VI
   (g) List of OEM/authorized rep addresses - Enclosure- VII
   (h) List of Mandatory spares (Hull/Engg / Elec) - Enclosure- VII

4. Quotation shall remain valid up to ____ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid. (Note: Bid Validity period may be increased/decreased on a case to case basis with the approval of CFA)
Submission/Opening of Tenders

5. PLEASE QUOTE OUR RFP NO AND DATE OF TENDER OPENING ON SEALED COVER. FAILURE TO DO SO WILL RENDER YOUR OFFER INVALID.

6. The Technical and Commercial bids are to be submitted in two separate sealed envelopes, duly marked as “Technical Bid for RFP No.____ dated____” and “Commercial Bid for RFP No. ___ Dated ______”. The quotes are to be super-scribed with your firm’s name, address, and official seal and ink signed by an authorised representative of the Tenderer. Sealed Bids addressed to ______ should be dropped in tender box marked as “TENDER BOX NO:___” located at__________ , or to be sent by registered post so as to reach this office by due date and time (to be specified in the RFP). No responsibility will be taken for postal delay or non-delivery/non-receipt of tender documents.

7. Sealed quotations will be opened by a committee on due date and time. Your authorised representative from the Company can attend the tender opening. If due to any exigency, the due date for opening of tenders is declared as closed holiday, in such cases, the tenders will be opened on next working day at the same time or any other day/time as intimated by the customer. The date of opening of Commercial Bid will be intimated after acceptance of technical bids.

8. Tenders sent by FAX will not be considered. Tenders found in sealed box will only be considered. To avoid any complications with regard to Late Receipt/Non-receipt of Tenders, it may please be noted that responsibility rests with the tenderer to ensure that tenders reach this office before due date. Late quotes will be rejected outright.

In case your firm is not willing to quote due to any reasons, your regret should be sent well before the due date, failing which your firm can be de-listed from the Contractor’s list.

9. Commercial offers will be opened only of those firms, who’s Technical Offers have been found suitable after technical evaluation. Further negotiations will be made only with the lowest bidder (L1) as determined by the committee. The date, time and venue fixed for this purpose will be intimated separately.

10. Earnest Money Deposit. The bidders are to furnish EMD for a sum of Rs.____, with a validity of days (normally 45 days) beyond the final bid Validity period, in the form of an Account Payee Demand Draft or Fixed Deposit Receipt or Banker’s Cheque or Bank Guarantee from any of the public sector banks or a private sector bank authorized to conduct government business. The format in Form DPM-13 may be adopted.

Evaluation Criteria

11. Loading of Cost for Items “Not Quoted”. The bidder is to quote for all the sections/sub-sections mentioned in the SOR. Any omissions/deviations to the SOR are to be recorded in the Record of Deviations and submitted along with the ‘T’ Bid. In case a bidder fails to quote for a certain item/Defect List Serial, their bid will be loaded by the amount quoted by the highest bidder for that particular Item/ Defect List serial and this loading will be considered for determining the L1. CUSTOMER reserves the right to determine the qualification of a firm on this account.
Finalising of L1 Firm.

12. The L1 firm will be decided on sum total of services, repair charges, budgetary cost of spares on not exceeding basis, applicable taxes and duties (including exemptions sought/granted) but exclusive of Octroi / Entry Tax. Payment for spares listed in the work package shall not exceed the budgetary cost.

Note: In case of Indian Coast Guard, since mandatory spares is not part of Refit Package, determination of L-1 Firm would be considered on account of Cost of Refit, services, applicable taxes and duties (including exemptions sought/granted) but exclusive of Octroi / Entry Tax.

13. **Payment Terms.** The Payment Terms for the Contract Price shall be as follows *(to be specified as per under mentioned format in consultation with IFA)*.

<table>
<thead>
<tr>
<th>Stage No.</th>
<th>Activity Definition</th>
<th>Stage Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**Standard Conditions of Contract (SCOC)**

14. Firm shall be required to accept the SCOC. Additionally standard clauses regarding agents / agency commission, penalty for use of undue influence, access to books of accounts, arbitration and laws would be incorporated in the contract. A Contract will be signed between the Contract Operating Authority (COA/DDG(M&M), ____ ) and the shipyard/firm incorporating the SCOC at Enclosure III of this RFP, which will form an integral part of the Contract.

**Pre-Bid Conference**

15. The SOR (Enclosure II) and SCOC(Enclosure III) should be carefully considered while preparing the bids. All clarifications are to be resolved in the Pre-Bid Conference on ____ (dd/mm/yy) at ____ (Location) prior submission of bids. No revision of Commercial Bid would normally be permitted after opening of the Technical Bid.

(Note: Pre Bid Conference may be held depending on the nature of the work and this clause may be included as applicable)

**Commercial Bid**

16. The Commercial bid is to be submitted strictly in accordance with Enclosure - V to this tender enquiry. The Commercial bid once opened, will not be subjected to unilateral revision by the firm, unless the firm is called for price negotiations specifically and asked to justify the rates.
Conditions under which this RFP is issued.

17. This RFP is being issued with no financial commitment and Customer reserves the right to change or vary any part thereof at any stage. The Customer reserves the right to reject any or all of the offers without assigning any reason whatsoever. The Customer also reserves the right to withdraw the RFP should it be so necessary at any stage.

Please acknowledge receipt.

Thanking you,

Yours faithfully
DPMF-25  
(Refers to Para 14.7.5)  

REQUEST FOR PROPOSAL (RFP)  

Enclosure I of RFP  

RFP FOR OFFLOADING OF PARTIAL/ COMPLETE REFITS/REPAIRS OF SHIPS/ SUBMARINES/CRAFTS/ASSETS TO INDIAN PSU/PRIVATE SHIP YARDS/TRADE

INSTRUCTIONS TO BIDDERS FOR ____________________OF __________  

1. Online Quotations/Quotations in sealed cover (cases which are exempted from e-procurement) are invited for ______________ (indicate nature of repairs/refit/part of refit to be offloaded) of ___________ (Indicate name of ship/submarine/craft/asset) as per the work package listed in enclosed Schedule of Requirement (SOR).

2. General Information about the tender:-  
   (a) Tender reference No.___________________  
   (b) Last date and time for receipt of tenders_________________  
   (c) Time and date for opening of tenders_________________  
   (d) Place of opening of tenders_________________  
   (e) Address for Communication_________________  

3. The tender shall be submitted in single stage two - bid system, the Technical and Commercial bids. The following enclosures are forwarded along with this enquiry to assist you in preparing your technical and commercial offer: -  
   (a) Instruction to Bidders - Enclosure - I  
   (b) Schedule of Requirements - Enclosure - II  
   (c) Standard Conditions of Contract - Enclosure - III  
   (d) Guidelines for Preparation of Technical Bid - Enclosure - IV  
   (e) Guidelines for Preparation of Commercial Bid - Enclosure - V  
   (f) Summary Sheet for Costing - Enclosure - VI  
   (g) List of OEM/authorized rep addresses - Enclosure - VII  
   (h) List of Mandatory spares (Hull/Engg / Elec) - Enclosure - VIII  

4. Quotation shall remain valid up to ______ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid. (Note: Bid Validity period may be increased/decreased on a case to case basis with the approval of CFA)

Submission/Opening of Tenders  

5. Online bids should be submitted in the manner prescribed in the relevant e-Procurement Portal. In case of manual bidding PLEASE QUOTE OUR RFP NO AND DATE OF TENDER OPENING ON SEALED COVER. FAILURE TO DO SO WILL RENDER YOUR OFFER INVALID.

6. In case of manual bidding the Technical and Commercial bids are to be submitted in two separate sealed envelopes, duly marked as “Technical Bid for RFP No._____ dated_____”
and “Commercial Bid for RFP No. ___ Dated ___. The quotes are to be super-scribed with your firm’s name, address, and official seal and ink signed by an authorised representative of the Tenderer. Sealed Bids addressed to ________should be dropped in tender box marked as “TENDER BOX NO: ___” located at___________, or to be sent by registered post so as to reach this office by due date and time (to be specified in the RFP). No responsibility will be taken for postal delay or non-delivery/non-receipt of tender documents.

7. Sealed quotations will be opened by a committee on due date and time. Your authorised representative from the Company can attend the tender opening. If due to any exigency, the due date for opening of tenders is declared as closed holiday, in such cases, the tenders will be opened on next working day at the same time or any other day/time as intimated by the customer. The date of opening of Commercial Bid will be intimated after acceptance of technical bids.

8. Tenders sent by FAX will not be considered. Online tender / tenders found in sealed box will only be considered. To avoid any complications with regard to Late Receipt/Non-receipt of Tenders, it may please be noted that responsibility rests with the tenderer to ensure that tenders reach this office before due date. Late quotes will be rejected outright.

9. In case your firm is not willing to quote due to any reasons, your regret should be sent well before the due date, failing which your firm can be de-listed from the Contractor’s list.

10. Commercial offers will be opened only of those firms, who’s Technical Offers have been found suitable after technical evaluation. Further negotiations will be made only with the lowest bidder (L1) as determined by the committee. The date, time and venue fixed for this purpose will be intimated separately.

11. **Earnest Money Deposit.** The bidders are to furnish EMD for a sum of Rs.____, with a validity of days (normally 45 days) beyond the final bid validity period, in the form of Fixed Deposit Receipt or Bank Guarantee from any of the Commercial Bank in India or payment online in an acceptable form.

**Evaluation Criteria**

12. **Loading of Cost for Items “Not Quoted”.** The bidder is to quote for all the sections/sub-sections mentioned in the SOR. Any omissions/deviations to the SOR are to be recorded in the Record of Deviations and submitted along with the ‘T’ Bid. ‘In case a bidder fails to quote for a certain item/Defect List Serial, their bid will be loaded by the amount quoted by the highest bidder for that particular Item/ Defect List serial and this loading will be considered for determining the L1. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. CUSTOMER reserves the right to determine the qualification of a firm on this account.

**Finalising of L1 Firm**

13. The L1 firm will be decided on sum total of services, repair charges, budgetary cost of spares on not exceeding basis, excluding taxes and duties. Payment for spares listed in the work package shall not exceed the budgetary cost. However, for the unquoted DLs by the L1 bidder, the lowest available price for that item/defect list serial from the price bids of all the technically qualified bidders will be considered in the final contract price and this shall be negotiated during the PC/CNC with the L1 bidder.
Note: In case of Indian Coast Guard, since mandatory spares is not part of Refit Package, determination of L-1 Firm would be considered on account of Cost of Refit inclusive of services, excluding taxes and duties.

14. Payment Terms. The Payment Terms for the Contract Price shall be as follows (to be specified as per under mentioned format in consultation with IFA).

<table>
<thead>
<tr>
<th>Stage No.</th>
<th>Activity Definition</th>
<th>Stage Payment</th>
</tr>
</thead>
</table>

Standard Conditions of Contract (SCOC)

15. Firm shall be required to accept the SCOC. Additionally standard clauses regarding agents / agency commission, penalty for use of undue influence, access to books of accounts, arbitration and laws would be incorporated in the contract. A Contract will be signed between the Contract Operating Authority (COA, _____) and the shipyard/firm incorporating the SCOC at Enclosure III of this RFP, which will form an integral part of the Contract.

Pre-Bid Conference

16. The SOR (Enclosure II) and SCOC (Enclosure III) should be carefully considered while preparing the bids. All clarifications are to be resolved in the Pre-Bid Conference on ____ (dd/mm/yy) at _____ (Location) prior submission of bids. No revision of Commercial Bid would be permitted after opening of the Technical Bid. (Note: Pre Bid Conference may be held depending on the nature of the work and this clause may be included as applicable)

Commercial Bid

17. The Commercial bid is to be submitted strictly in accordance with Enclosure - V to this tender enquiry. The Commercial bid once opened, will not be subjected to unilateral revision by the firm, unless the firm is called for price negotiations specifically and asked to justify the rates.

Conditions under which this RFP is issued

18. This RFP is being issued with no financial commitment and Customer reserves the right to change or vary any part thereof at any stage. The Customer reserves the right to reject any or all of the offers without assigning any reason whatsoever. The Customer also reserves the right to withdraw the RFP should it be so necessary at any stage.

19. Please acknowledge receipt.

Thanking you,

Yours faithfully
Enclosure II of RFP

SCHEDULE OF REQUIREMENTS (SOR)

(Note: The Schedule of Requirements is a technical document and specific to the Project/Service and is part of the RFP)

Annexure 1 - Particulars of Vessel/Asset on which work is required to be carried out.

Annexure 2 - Quantified Work Package (comprehensive scope of work) that contains break-up of individual jobs to be completed including survey, dismantling and inspection, routines and repair to be carried out, consequent repair, trials and comprehensive list of services required such as dry docking, berthing, jetty services (electricity, accommodation, phone, fresh water, fire main), cranes facilities, tugs and pilot charges.

Annexure 3 - Quality Inspection Schedules/QAP (minimum and essential parameters that are required to be achieved for the scope of work to be deemed as satisfactorily completed)

Annexure 4 - Extract of relevant Navy/Coast Guard orders AS APPLICABLE pertaining to the scope of work, such as 'Paint Schemes', 'Hull Survey and Ratification Procedure', 'Survey of Anchor Chain Cable', 'Entry into Confined Spaces and Precautions thereof'. Additionally, requirements for Gas Free & Man Entry Certificates, Fire Sentries, Administrative Support to OEMs, Pumping-out Facilities & Removal of Debris/Waste Material should be clearly specified as applicable.
Enclosure III of RFP

STANDARD CONDITION OF CONTRACT (SCOC)

Please see DPMF-26
GUIDELINES FOR PREPARATION OF TECHNICAL BID

The Technical Bid should contain the following information and details so as to enable ______(Name of Service Repair Agency) to assess the understanding, technical capability and infrastructure/resources of the ship repair yard to undertake the refit: -

(a) Indicate acceptance of the entire scope of work (or) Indicate acceptance of the entire scope of work except ________. (Indicate specific jobs not being undertaken as a Deviation List).

(b) Indicate acceptance of the QAP/QIS indicated in SOR (or) Indicate acceptance of the QAP/QIS indicated in SOR ________. Indicate specific provisions not being undertaken as a Deviation List (or) Forward a QAP/QIS for consideration of Technical Evaluation Committee.

(c) Indicate anticipatory list of spares, if applicable, required for undertaking the scope of work specified in SOR. Budgetary Estimate of all such spares is to be indicated in the Commercial Bid if such a list of Anticipatory Spares is forwarded along with the Technical Bid.

(d) Indicate whether Earnest Money Deposit / Bid Security as per para ___ of the RFP has been attached.

(e) Indicate acceptance of Payment terms as indicated in para ___ of the RFP.

(f) Indicate acceptance of Standard Conditions of Contract (SCOC) and other terms and conditions given in the RFP.
GUIDELINES FOR PREPARATION OF COMMERCIAL BID

1. Summary Sheet at Encl VI of this RFP should be filled in all respects.

2. The enclosed Quantified Work Package at Annexure 2 of SOR is to be filled up in all respects. Unit cost/rate for each serial as also the total cost of repairs, e.g. Rs X for One Pump (unit rate) and Rs Y for 5 pumps (total cost) and budgetary cost of mandatory spares should be indicated against each Defect List Item. The cost of Anticipatory spares should be indicated separately, but this would not be used for determining L1.

3. Cost of yard materials such as steel plates, weld consumables, general nature cables, pipes and tubes should be indicated separately. Whereas, ferrous scrap shall be the property of the Contractor, Non-ferrous items and unused spares shall be the property of the Customer. The cost of Ferrous Material indicated in the Bid should therefore be inclusive of discount for scrap value.

4. Each page is to be authenticated (signed) by the Bidder.

5. Page numbering is a must to identify/locate missing/misplaced pages.

6. Bid Validity. The commercial bid is to be valid ____ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid.

7. A sample for preparation of Commercial Bid is appended below:

SAMPLE FORMAT FOR COMMERCIAL BID

<table>
<thead>
<tr>
<th>Defect List Item No.</th>
<th>Description</th>
<th>Repair Cost</th>
<th>Budgetary Cost of Mandatory Spares</th>
</tr>
</thead>
<tbody>
<tr>
<td>0023</td>
<td>Fuel Storage Tank Top plating between Frames 26 to 31.5 (Port &amp; Stbd) holed to be renewed. Approx area 15 m². Thickness 6 mm. The following items are required to be removed and refitted.</td>
<td>(a) Rs. X (per m² of renewal of steel) (b) Rs. Y (Cost of Steel Plate per m²/Kg)</td>
<td>a) Rs. A (b) Rs. B (Indicate clearly discount, IF ANY, in the amount mentioned in (a) &amp; (b) for the Total scope of DL No.0023) Specify cost of all spares required for completion of the scope of each DL, as applicable</td>
</tr>
<tr>
<td>0024</td>
<td>Five Gyro Motor Units to be overhauled</td>
<td>Rs. X</td>
<td>Rs A (Indicate clearly discount, IF ANY, in the amount mentioned in (a) for the Total scope of DL No. 0024)</td>
</tr>
<tr>
<td>Ser</td>
<td>Description of Work/Service Material/Spares/Tax</td>
<td>Rate (in Rs)</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Cost of all services indicated in the SOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Cost of repair part of SOW in the SOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Hull Work Package</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Engineering Work Package</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(c) Electrical work Package</td>
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<td></td>
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<td></td>
<td>(d) Weapon Work Package</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(e) Cost of spares and material included in Ser 2(a) to (d)</td>
<td></td>
<td></td>
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<tr>
<td>3.</td>
<td>Cost of all other Services in the SOR</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(not covered under Ser 1 and 2 including OEM charges etc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>GST on Ser 1, 2 and 3, excluding 2 (e)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Works Contract Tax (if applicable on Ser 1, 2, and 3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Cost of Yard Materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Budgetary Cost of Spares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>GST applicable on Ser 6 and 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Customs Duty/Amount of Customs Duty (Ser 6 and 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Miscellaneous (not included in any of the Serial above)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Applicable Tax/Duty/Levies on Ser 10</td>
<td></td>
<td></td>
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<tr>
<td>12.</td>
<td>Grand Total (excluding Ser 4, 5, 8, 9 and 11)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(for determination of L1)</td>
<td></td>
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<tr>
<td>13.</td>
<td>Grand Total (Ser 1 to 11)</td>
<td></td>
<td></td>
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</tbody>
</table>

**Note:** The Budgetary cost of Anticipatory Spares may be forwarded by the bidder separately, if the bidder opines that the same are required for completion of SOW. However, the same shall not be considered for determination of L-1.
DPMF-26  
(Refers to Para 14.14)  

STANDARD CONDITIONS OF CONTRACT FOR PARTIAL/COMPLETE  
REFIT/ REPAIRS OF SHIPS/SUBMARINES/MARINE AND SERVICE ASSETS  
(Forms an integral part of the Contract, to be sent as Enclosure III of RFP)  

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</tr>
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</tr>
</tbody>
</table>

Contract No. ________________

Date: _____________________
PREAMBLE

THIS Contract is made and entered into at (Name of Place), on this _____ day of the month -- ------ in the year (specify the year in words),

BETWEEN

The President of India represented by ___________ (Contract Operating Authority (COA)) (hereinafter referred to as the CUSTOMER), which terms, unless excluded by the context, shall be deemed to include his successor or successors and permitted assignees, ON THE FIRST PART

AND

M/s___________ (Name of the Firm/Shipyard including the address), hereinafter referred to as the CONTRACTOR, which expression shall include their Administrator, Executors, Successors and Assignees, ON THE SECOND PART

And where as the CUSTOMER agrees to deliver /permit (Name of the Vessel/Asset) to the CONTRACTOR for undertaking ________ (Title of the Work) and to take delivery of (Name of the Vessel/Asset) from the CONTRACTOR after successful ______ (Title of the Work undertaken)

The CUSTOMER and the CONTRACTOR being hereinafter referred to as “Party” or “Parties”.

It is now agreed by and between both the parties hereto as follows:

ARTICLE 1 - DEFINITIONS AND ABBREVIATIONS

1.1  Definitions.

1.1.1  The following words and expressions in this Contract including its Annexes shall have the meanings as hereinafter defined unless the context requires otherwise:-

<table>
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<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>The term Actuals, related to payment, shall mean all expenses, inclusive of those incurred towards associated cost elements such as all taxes, duties &amp; levies, freight, insurance and clearance charges incurred by the CONTRACTOR and computed at the prevailing exchange rate wherever applicable, at the time of release of payments by the CONTRACTOR to the OEMs. Additionally handling and / or service charges and remuneration payable to the CONTRACTOR (not exceeding 7.5% of the basic cost exclusive of taxes, duties, freight. Insurance and clearance charges) shall be applicable on such Actual expenses as per the terms of this Contract.</td>
</tr>
<tr>
<td>Article</td>
<td>Any Article of this Contract or partial Article with separate marginal number as referred to anywhere in the wording of this Contract and / or its Annexes.</td>
</tr>
<tr>
<td>Certificate</td>
<td>The Certificate to be signed jointly by the representatives of the</td>
</tr>
</tbody>
</table>
of Acceptance | CONTRACTOR and the CUSTOMER on the Date of Delivery of the Ship as set out in Article 8.1.1 and Annex I of this Contract.
---|---
Contract | Shall mean this Contract including its Preamble, Articles _ to _ and Annexes ___ to ___ herein, and all amendments, changes, alterations and modifications made to this Contract.
Material | The term Material shall mean all equipment, fittings, finished / semi-finished products, spares, consumables, Yard material, items, sub-assemblies/assemblies, documentation etc. required for the removal, repair & refurbishment, refit/installation and testing of any part of the work being undertaken by the CONTRACTOR (and/or by his Subcontractors on his behalf) as per scope of his work defined in this Contract, up to completion of the guarantee period and liquidation of his outstanding liabilities.
COA | Agency assigned by the Competent Financial Authority on behalf of the President of India to conclude the contract and operate in accordance with Article 2.1
Month | Any calendar month, as defined in the Gregorian Calendar, or any period of 30 consecutive Days.
Year | Year starting from the 1st January and ending on 31st December or any period of 12 consecutive Months, as the case may be.

### 1.2 Abbreviations

1.2.1 The following words and abbreviations in this Contract including its Annexes shall have the meanings as hereinafter defined unless the context requires otherwise:-

- **B & D Spares**: Base & Depot Spares.
- **DCD**: Dockyard Completion Date
- **FAT**: Factory Acceptance Trials
- **HAT**: Harbour Acceptance Trials
- **SAT**: Sea Acceptance Trials
- **MoD**: Ministry of Defence
- **OBS**: On Board Spares
- **PAC**: Proprietary Article Certificate
- **OEM**: Original Equipment Manufacturer/Firm accorded PAC
- **TEC**: Technical Evaluation Committee
- **CNC**: Contract Negotiation Committee
- **R & R**: Remove and Refit
- **STW**: Setting To Work
- **COA**: Contract Operating Authority
- **ABER**: Anticipated Beyond Economical Repairs
- **A's & A's**: Additions and Alterations
- **QAP**: Quality Assurance Plan

*(Note: All Abbreviations pertaining to the case, which require clarification are to be listed here and should form part of RFP)*
ARTICLE 2 - EFFECTIVE DATE AND OPERATION OF CONTRACT

2.1 It is hereby agreed and declared that the powers and functions of the CUSTOMER under this Contract, shall be exercised by ________ (COA).

2.2 The Effective Date of Contract is_______ (The date of signing of Contract or the date of handing over the vessel/asset or as the case may be). The Contract commences from the Effective Date of Contract.

ARTICLE 3 - SCOPE OF CONTRACT

3.1 Work & Services Contracts.

3.1.1 It is expressly understood and agreed between the CUSTOMER and the CONTRACTOR that this is a repair, refit and services Contract.

3.2 Scope of Work.

3.2.1 The ________ (Title of work) is to be completed in accordance with the terms, conditions and provisions of this Contract, as detailed in the following Articles.

3.2.2 The Scope of Work with itemised cost is placed at Annex 2 of this Contract.

3.3 Removal and Refitting of Items

3.3.1 In the event of the requirement to remove the existing machinery/ equipment, switchboards / control panels, electronic & communication equipment, light fittings, piping, trunking, valves, electrical cables, junction boxes, lagging, panelling, obstructions, protrusions, foundations, etc. falling in the way of repairs, temporarily to facilitate completion of Scope of Work, the CONTRACTOR shall reinstall the same as per drawings, amendments thereto and to the satisfaction of the CUSTOMER. All work associated with this Article forms an integral part of Scope of Work specified in Article 3.2.

3.3.2 Electrical cables in way of repairs, if required, are to be covered adequately for protection against accidental mechanical / fire damage, by the CONTRACTOR. Damages caused during the execution of the work by the CONTRACTOR or his Sub Contractors are to be made good by the CONTRACTOR at his cost.

3.3.3 All pipe lines, machinery, equipment and fittings which are not required to be taken out of the Ship are to be properly covered / secured to ensure they are not damaged during the course of the refit. Damages caused during the execution of the work by the CONTRACTOR or his Sub Contractors are to be made good by the CONTRACTOR at his cost.

3.4 Change in Scope of Work

3.4.1 Notwithstanding the scope of work specified in Article 3.2 and 3.3.1, the CUSTOMER shall have the right to modify the Scope of Work during the execution of the Contract. The necessity for repairs/ renewals/replacements other than those presently included in the Scope of Work may arise during the inspection/survey/repair. All such work as also consequential work (rework) required to be done by the CONTRACTOR along with work arising out of items/drawings supplied by the CUSTOMER shall be treated as Scope of Work.
3.4.2 Such changes in the scope of work and the cost and time implications thereof shall be mutually agreed upon on priority, in writing, before undertaking such changes in the scope of work. The resultant increase in cost as well as any extension in project duration will be intimated by the CONTRACTOR and shall be agreed and accepted by the CUSTOMER through mutual negotiations prior to undertaking such changes in Scope of Work. Format for promulgating of Change in Scope of Work is placed at Annex –3 of this Contract.

3.4.3 In case promulgation of such change in Scope of Work affects the Initial Scope of Work as per Article 3.2 and 3.3 and/or additional Scope of Work as per article 3.4, the cost and time implications due to such changes, shall also be taken in to consideration by both the Parties, while promulgating the change in Scope of work in accordance with Article 3.4.

3.5 Procurement of Material by the CONTRACTOR

3.5.1 A list of items procured, indicating landed cost which includes cost of materials, freight, insurance, packing/forwarding taxes, duties, clearing charges etc. together with handling charge of ____ [not exceeding 7.5% (Seven point Five percent)] will be furnished along with the bill raised by the CONTRACTOR on the basis of Third Party Invoice.

3.5.2 All material and items procured by the CONTRACTOR for Scope of Work, except where specifically indicated that such items are CUSTOMER supplied, are to conform to the relevant approved and applicable specification (in accordance with Article 10).

3.6 Return of Unused Material. All Ferrous scrap arising out of repairs shall be the property of CONTRACTOR. However, non-ferrous scraps/equipment shall be the property of the CUSTOMER.

3.7 Sub-Contracting

3.7.1 The CONTRACTOR may subcontract any part of Scope of Work on mutual agreement with the CUSTOMER. The CONTRACTOR can under no circumstance sub-contract the complete Scope of Work to a Third Party.

3.7.2 The CONTRACTOR would be entirely responsible for quality/standard and timely execution of the sub-contracted work. The CONTRACTOR is to draw up a suitable Quality Assurance (QA) Plan with the Sub-Contractor and a copy of the same along with Record of Inspection in accordance with such QA Plan shall be submitted to the CUSTOMER.

3.7.3 The supervision of work for the sub-contracted jobs is to be done by the CONTRACTOR. The CONTRACTOR is not permitted to seek any extension of Completion Date citing delay on the part of Sub-Contractors or re-work arising out of Sub-Contracted work.

3.8 Employment of Service Personnel. The CONTRACTOR shall not employ any service personnel of the_____ (Repair Agency/Service) or on his own take any assistance either directly or indirectly from any of the workshops / facilities of the_____ (Repair Agency/Service) in the form of men or material for Scope of Work.
ARTICLE 4 - CONTRACT PRICE AND TERMS OF PAYMENT

4.1 Contract Price

4.1.1 This is a Fixed Price Contract for completion of Work specified in Article 3.2 and 3.3. The Contract price is Rs. _______/ - (Rupees in Words) exclusive of applicable taxes. Taxes and Duties shall be paid at actuals on submission of proof of payment. A detailed breakdown of the Contract price, including applicable taxes and duties (calculated as per the existing rate) is placed at ANNEX – 6 of this Contract.

4.1.2 Notwithstanding the provisions contained in Article 4.1.1, the price is subject to revision upon mutual agreement, as and when scope of work is changed as per Article 3.4, ERV, Changes in Tax Rate, etc. (All aspects related to escalation or revision of the Contract Price specified in Article 4.1.1 must be discussed and finalised on mutual agreement during the CNC and the same would form part of the Contract)

4.2 Change In Contract Price Due to Procurement of Additional/NA Spares. Notwithstanding the Contract Price specified in Article 4.1 and as amended vide Article 4.2, the CUSTOMER shall pay for any additional/NA Spares procured by the CONTRACTOR for Scope of Work based on mutual agreement. Payment shall be made under this Article on the bill raised by the CONTRACTOR on the basis of Third Party Invoice accompanied by list of items procured, indicating landed cost which includes cost of materials, freight, insurance together with handling charge of ____ not exceeding 7.5% (Seven point Five percent}. The Contract Price specified in Article 4.1 and as amended vide Article 4.2, shall further stand amended to include payment towards such additional/NA spares.

4.3 Payment Terms. The Payment Terms for the Contract Price specified in Article 4.1 shall be as follows: - (The Stage Payment is to be specified as per under mentioned format in the RFP in consultation with IFA)

<table>
<thead>
<tr>
<th>Stage No.</th>
<th>Activity Definition</th>
<th>Stage Payment</th>
</tr>
</thead>
</table>

ARTICLE 5 - TAXES AND DUTIES

5.1.1 The Contract price indicated in Article 4.1 of this Contract is exclusive of all taxes, duties, levies of Central / State authorities, as applicable at prevailing rates under the extant Government policy for all Materials and services procured by the CONTRACTOR for the Scope of Work. Any increase on rates during the period of contract shall be paid extra at the time of invoicing. The same shall be reimbursed by the CUSTOMER to the CONTRACTOR at actuals on submission of documentary proof of payment. The CUSTOMER reserves the right to deny any increase in taxes, duties, levies, etc. if the delivery period is extended beyond the period specified in Article 8.1.1.

5.1.2 Contract Operating Authority or his nominated representative shall issue appropriate tax exemption/concession certificate(s) on behalf of the CUSTOMER, to avail tax exemption/concession, where applicable, as per existing Government policy, rules and regulations in force.

5.2 “END USER” CERTIFICATE. Contract Operating Authority or his nominated representative shall issue the appropriate “End User Certificate” on behalf of the
CUSTOMER, for import of material and services, wherever required by the concerned manufacturer /supplier of equipment material and services / governmental agency.

ARTICLE 6 - ADVANCE BANK GUARANTEE
(As per Form DPMF-8)

ARTICLE 7 - PERFORMANCE BOND
(As per Form DPMF-9)

ARTICLE 8 - DURATION OF THE DELIVERY

8.1  Duration of Work

8.1.1  The CONTRACTOR shall complete his scope of work specified in Article 3.1 and 3.2 in _____ (duration in months/days/date for completion of Scope of Work) from the Effective date specified in Article 2.1. Delivery by the CONTRACTOR shall be treated as complete on satisfactory HATs/SATs and upon signing of Delivery Acceptance Certificate (applicable in the case of complete Refit/Repairs of Ships/ Submarines only) OR Completion of Scope of Work and Trails (applicable in case of Refit/Repairs of Yard/Service Assets and partial Refits of Ships / Submarines.

8.1.2  The said duration of Refit specified in Article 8.1.1 may be extended on mutual agreement only, with the CUSTOMER shall accept the vessel/asset without imposition of any sort of Penalty / Reduction in Contract Price.

8.2  Incomplete Work

8.2.1  The CONTRACTOR and the CUSTOMER shall mutually agree on the quantum of incomplete and unsatisfactory work. Cost of such incomplete work shall be withheld, except where such incomplete work is not attributable to the CONTRACTOR. Payment thus withheld will be made on completion of such incomplete work, which should in any case be completed within __ days (to be indicated in the RFP). If such work is incomplete beyond the specified date, the same shall be deleted from Scope of Work specified in Article 3.2 with corresponding amendment to Contract Price specified in Article 4.1. The CUSTOMER reserves the right to levy LD as per Article 9 on such incomplete work.

8.2.2  The CONTRACTOR shall be paid for completion of work specified in Article 8.4.1 only on satisfactory completion and trials.

ARTICLE 9 - LIQUIDATED DAMAGES

9.1  The CONTRACTOR shall be liable to pay to the CUSTOMER Liquidated Damages (LD), and not by way of Penalty, a sum equivalent to 0.5% (zero point five percent) of the unfinished/undelivered/unfulfilled part of Contract, excluding taxes and duties, for each week of delay beyond duration of Work specified in Article 8.1, subject to a maximum of 10% (Ten percent) of the Contract Price.

ARTICLE 10 - RISK AND EXPENSE (as per Part IV of Appendix ‘C’, if applicable to the case. To be deleted, if not applicable)
ARTICLE 11 - QUALITY AND INSPECTION

11.1 Quality Assurance & Quality Control

11.1.1 In order to assure the quality of repair/refit and exercise effective control, the work executed by the CONTRACTOR will be in accordance with CUSTOMERS inspection schedule as applicable followed by preliminary, stage and final inspection. The repair work will be undertaken as per (specified Standards) and quality norms. Ensuring and maintaining quality will be the responsibility of the Shipyard. (Additional Third Party Inspection or the Services of Professional Certifying Agencies may be mentioned as applicable in respect of items of special use)

11.1.2 The CONTRACTOR shall submit a Quality Assurance (QA) Plan as applicable to the scope of work for approval of the CUSTOMER. The approved QA plan will form the basis for inspection and acceptance of work executed by the CONTRACTOR under this contract.

11.2 Overseeing and Inspection

11.2.1 Necessary tests and inspections of the contracted job shall be carried out by COA/ or his nominated agency. The CONTRACTOR shall give reasonable notice to the above team reasonably in advance of the date and place of such tests / inspections. COA shall also carry out joint receipt inspection of the equipment and material procured by the CONTRACTOR / supplied by CUSTOMER. The CUSTOMER's representative shall, during the repairs / refit invariably attend such tests and inspections as per the QA Plan/Quality Inspection Schedule.

11.2.2 Any non-conformity discovered by CUSTOMER Representative and intimated in writing co-relating relevant documents where necessary, in Refit or material or workmanship shall be corrected by the CONTRACTOR at his cost, to the full satisfaction of Representative in accordance with the relevant drawings and specifications.

11.2.3 During the repairs / refit of the Ship, until the delivery thereof, the CUSTOMER’s representatives shall be given free and ready access to the Ship/Submarine/Asset and to any other place where related work is being performed, or materials are being processed or stored, including the yards, workshops, stores and offices of the CONTRACTOR and premises of Subcontractors who are doing work or storing materials, in connection with the repairs / refit of the Ship/Submarine/Asset. Notwithstanding any provision in this Article or any other Article in this Contract, the responsibility for the repairs / refit as per the scope of work vide Article 3.2, 3.3 and 3.4 shall rest with the CONTRACTOR.

ARTICLE 12 - WARRANTY & WARRANTY BOND

12.1 Guarantee

12.1.1 The CONTRACTOR warrants that the repairs carried out under this Contract conform to specifications vide SOR.

12.1.2 The CONTRACTOR shall give Six months guarantee for workmanship and material defects for items repaired and 12 months guarantee for new installations under the contract from the Contract Completion Date. The guarantee clause will also be applicable to the items repaired by the OEMs / sub-contractor of shipyard. Any defects noticed during this guarantee period due to defective / poor workmanship or sub-standard material shall be rectified free of cost by the shipyard or by the OEMs / sub-contractors under arrangements by the shipyard.
12.1.3 If within the period of warranty, the repairs reported by the CUSTOMER to have failed to perform as per the specifications, the CONTRACTOR shall either replace or rectify the same free of charge, within ___ (time frame to be specified in RFP) of notification of such defect received by the CONTRACTOR provided that the equipment are used and maintained by the CUSTOMER as per instructions contained in the Operating Manual. Record of the downtime would be maintained by user in logbook. Spares required for warranty repairs shall be provided free of cost by CONTRACTOR.

12.1.4 CONTRACTOR hereby warrants that necessary service and repair backup, during the warranty period of the repair, shall be provided by the CONTRACTOR at the CUSTOMER’s premises.

12.2 Notice for Remedy/Rectification of Defects during Warranty Period shall be in writing and transmitted to each other by the fastest possible means.

**ARTICLE 13 - GENERAL TERMS AND CONDITIONS**

13.1 **Safety of Men.** The CONTRACTOR is to ensure adequate safeguards for personnel when employed on work where human risk of health/injury is involved.

13.2 **First Aid.** The CONTRACTOR is liable to provide immediate first aid/hospitalisation in case of accident/sudden illness to personnel. 13.3 Gas Free & Man Entry Certificates, Fire Sentries, Administrative support to OEMs, Pumping-out Facilities & Removal of Debris/Waste Material shall be as per Annexure 4 of SOR.

**ARTICLE 14 - INDEMNITY & INSURANCE**

14.1 **Indemnity.** The CONTRACTOR shall indemnify the CUSTOMER against all claims for death or injury caused to any person, whether workman or not, while engaged in any process connected with the CONTRACTOR's work or for dues of any kind whatsoever, and the CUSTOMER shall not be bound to defend any claim brought under the Workmen's Compensation Act, 1923 or Payment of Wages Act 1936, or any other statutory Act or Law in force from time to time and applicable to the said work unless the CONTRACTOR first deposit with the CUSTOMER a sum sufficient to cover any liability which CUSTOMER may have to incur in relation to such proceedings.

14.2 **Insurance.** *(If applicable, to be included in the RFP and would form part of the Contract).*

**ARTICLE 15 - SECURITY**

15.1 The CONTRACTOR is bound by the Official Secrets Act 1923 and, in its connection any other statutory Act / Law / Amendment in force and the information given is to be treated as strictly confidential and is not to be disclosed to any person or persons not concerned therein. The CONTRACTOR shall be responsible to ensure that all persons employed by him in the execution of any work in connection with this Contract are fully aware of the provisions of the Official Secrets Act 1923 / Law /Amendment in force and have undertaken to comply with the same.

15.2 The CONTRACTOR shall also ensure secrecy of design, construction, equipment and documentation and shall carry out all or any instructions given by the CUSTOMER in this
respect. Should the CUSTOMER desire to check up the security measures which have been provided, or will be adopted to achieve security, the CONTRACTOR shall produce necessary evidence to establish the same.

15.3 In giving any information to the Sub-Contractors, the CONTRACTOR shall furnish to the Sub-Contractors only such information as may be necessary for carrying out the respective work entrusted to them.

15.4 The security of the Ship, men and material in the CONTRACTOR’s premises is the CONTRACTOR’S responsibility.

ARTICLE 16 - FORCE MAJEURE (As per Part IV, Appendix ‘C’)

ARTICLE 17 - TERMINATION OF CONTRACT (As per Part-III, Appendix C)

ARTICLE 18 - LAW (As per Part-III, Appendix C)

ARTICLE 19 - ARBITRATION (As per Form DPMF- 15, 16 and 17 as applicable)

ARTICLE 20 - PENALTY FOR USE OF UNDUE INFLUENCE (As per Part-III, Appendix C)

ARTICLE 21 - AGENTS/AGENCY COMMISSION (As per Part-III, Appendix C)

ARTICLE 22 - NON DISCLOSURE OF CONTRACT DOCUMENTS (As per Part-III, Appendix C)

ARTICLE 23 - NOTICES. Any notice required or permitted by this contract shall be written in English Language and may be delivered personally or sent by Fax, Telex, Cable or registered prepaid airmail addressed to the legal address of the party. (As per Part-III, Appendix C)

ARTICLE 24 - AMENDMENTS No provision of this Contract shall be changed or modified in any way(including this provision) either in whole or in part except by an instrument in writing made after the date of this Contract and signed on behalf of both parties and which expressly states to amend this Contract. (As per Part-III, Appendix C)

ARTICLE 25 - NOTICES & COMMUNICATIONS

25.1 Address for notice /communication: The legal addresses of the Parties for the purpose of Notice/Communication are as follows:-

(Legal Address of Customer) (Legal Address of Contractor)

25.2 Language- Any and all notices and communication in connection with this Contract shall be in English language.

ARTICLE 26 – INTERPRETATION

26.1 This Contract shall be governed by the laws of Republic of India.
26.2 In the event of any conflict or discrepancy between the provisions of any Article to this Contract and any Annex thereof, the Article of this Contract shall prevail.

26.3 This Contract constitutes the entire agreement between the CUSTOMER and the CONTRACTOR.

26.4 Any amendment to this Contract and its Annexes shall be in writing and signed by both Parties.

26.5 In the event of any conflict with respect to specification/drawing/existing practices, the order of precedence for acceptance would be as follows:-

(a) THE CUSTOMER APPROVED DRAWING  
(b) SPECIFICATION VIDE SCHEDULE OF REQUIREMENTS  
(c) THE CUSTOMER’S DECISION

26.6 The failure of either Party to enforce any provision of this Contract shall not be considered as a waiver of such provision or the right of such Party thereafter to enforce the same.

ARTICLE 27 - SIGNATURE AND WITNESSING BY PARTIES

27.1 This Contract is signed on _______ day of the month of ……… in the Year …... in two (2) originals of the same wording, one (1) for the CUSTOMER and one (1) for the CONTRACTOR. The Annexes listed in Table of annexures (page 4) and forming an integral part of this Contract are signed under same circumstances.

FOR AND ON BEHALF OF FOR AND BEHALF OF  
M/s ________________ PRESIDENT OF INDIA 
THE CONTRACTOR THE CUSTOMER

(   ) (   )  
REPRESENTATIVE OF REPRESENTATIVE OF  
CONTRACTOR CUSTOMER

Dated_________20 Dated_________ 20

In the presence of In the presence of

1. ___________________________ 1. ___________________________  
Name __________________________ Name __________________________  
Designation ________________ Designation ___________________

2. ___________________________ 2. ___________________________  
Name __________________________ Name __________________________  
Designation ________________ Designation ___________________
27.2 **Distribution:**

- Payment Authority (One Ink Signed Copy)
- FA to CFA (One Ink Signed Copy)
- FA to COA (One Ink Signed Copy)
- CFA (One Ink Signed Copy)
- PCDA (Navy), Mumbai (One Copy)
- IHQ, MoD (N)/DFM (One Copy)
- Or, PDFM/CGHQ (One Copy)
CERTIFICATE OF ACCEPTANCE

1. CERTIFIED THAT THE M/S ____________, HAVE COMPLETED THE (TITLE OF WORK) OF THE (NAME OF THE VESSEL/ASSET) AS PER THE SCOPE OF WORK ASSIGNED TO THEM AND HANDED OVER THE SAME TO (NAME OF CUSTOMER) AT ___________ HOURS, ON THIS _______DAY OF THE MONTH ________________ IN THE YEAR TWO THOUSAND AND _______.

2. THE LIST OF LIABILITIES AS ON DATE IS PLACED AT ANNEXURE TO THIS CERTIFICATE.

_______________________   __________________
COA/REP      REP OF
FOR AND ON BEHALF OF   M/s ____________
THE PRESIDENT OF INDIA
ANNEXURE - 2

SCOPE OF WORK

Reproduce the Text of SOR finalised and accepted during CNC
(Will be included in the document on approval of draft contract)
ANNEXURE - 3

FORMAT OF PROMULGATION CHANGE IN SCOPE OF WORK

1. Name of Work: ___________________

2. D.L. NO: ___________________
   (Wherever applicable)

3. Proposed by:

4. Reference: _______________
   Drg. Document _______________

5. Details of additional work (if required use overleaf of the form / attach Annexures)

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESIGNATION</th>
<th>SIGNATURE OF THE PROPOSER</th>
</tr>
</thead>
</table>

6. (a) Proposal No._______________

   (b) Effect on overall Schedule  REP OF FIRM/PROJECT
                                 MANAGER OF SHIPYARD

   (c) Approved Cost

7. Approved / Not approved
   (Reasons if any)  COA/HEAD OF PROJECT
                   MONITORING TEAM
ANNEXURE- 4

BREAKDOWN OF CONTRACT PRICE

<table>
<thead>
<tr>
<th>Ser</th>
<th>Description of Work/Service Material/Spares/Tax</th>
<th>Rate (in Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cost of all services indicated in the SOR</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Cost of repair part of SOW in the SOR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Hull Work Package</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Engineering Work Package</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) Electrical work Package</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) Weapon Work Package</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(e) Cost of spares and material included in Ser 2(a) to (d)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Cost of all other Services in the SOR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(not covered under Ser 1 and 2 including OEM charges etc)</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>GST on Ser 1, 2 and 3, excluding 2 (e)</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Works Contract Tax (if applicable on Ser 1, 2, and 3)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Cost of Yard Materials</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Budgetary Cost of Spares</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>GST applicable on Ser 6 and 7</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Customs Duty/Amount of Customs Duty (Ser 6 and 7)</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Miscellaneous (not included in any of the Serial above)</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Applicable Tax/Duty/Levies on Ser 10</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Grand Total (Ser 1 to 11)</td>
<td></td>
</tr>
</tbody>
</table>
ANNEXURE - 5

FORMAT OF CERTIFICATE OF COMPLETION OF DEFECT

WORK COMPLETION CERTIFICATE

CERTIFICATE No. … / CC / DT ___________________

The under mentioned stage/Activity as per the Payment Terms have been completed

DESCRIPTION OF ACTIVITY/STAGE:

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>Rep Firm/Shipyard</th>
<th>COA/REP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DESIGNATION / RANK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEPT./ ORGANISATION</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. **Purpose.**

   1.1 During the progress of offloaded repairs/ refits, any unforeseen work which is not included in the original / contracted Scope of Work (SoW) and identified / emerges during pre-refit trials, post dismantling / inspection of equipment, during trials post completion of work and also to liquidate safety checks and trials observations etc, will be classified as Growth of Work. Also, an increase in contracted scope of work and requirement of additional spares may arise consequent to trials / dismantling / inspection / checks / survey, during the progress of refit would also be collectively called Growth of Work (GoW). GoW would need to be undertaken during refit for completion of work / scope onboard the ship / equipment. The purpose of this procedure is to streamline the process of authenticating the GoW and seek approval from the designated authorities {COA in the case of sanctioned GoW (within ceiling approved earlier by the CFA)}, considering the cost and time implications on the refit, before actually executing the changes.

2. **Scope.**

   2.1 Growth of Work arising out of any requirement, as indicated at Para 1.1, during the pre-contract or during the progress of the contract stage or during execution stage will be covered under this procedure.

   2.2 For the changes or GoW during pre-contract stage, any change after approval (written or verbal during refit progress meetings) to the Defect List Serial (Scope of Work), shall be considered as a change or GoW.

   2.3 During execution stage, any change or increase proposed / required to the Original / contracted Scope of Work for a Defect List Serials, will be considered as a change.

   2.4 Any other change which has major implications on cost shall be considered as a change or GoW.

   2.5 However, small rectification works, minor site works related to temporary works or for matching at site, which do not have major cost implication or do not cause irreversible delays, may not be considered as change. Any cost implication, which may not lead to revision in the contract and fits within the expected cost and schedule, may not be considered as a change or GoW and undertaken during the refit.
3. **Procedure.**

3.1 The necessity of change or GoW in the Defect List Serial (Scope of Work) is to be intimated by the Shipyard. With inputs from shipyard, the Ship Staff would process the request for change or GoW, post appending cost and time requirements indicated by the Shipyard, the form would be submitted by the Ship Staff to Refit/Project Monitoring Team for vetting followed by examination/approval of COA.

3.2 The approving authority (COA) will study the requisition of GoW or change with the cost implication, impact on time and then will approve/disapprove the change.

3.3 The change will be executed by the concerned party only on receipt of approval. The approving authority (COA) will communicate the impact on time/cost to CFA (through Command & Service HQ) as part of Refit Appreciation.

3.4 Post approval a copy of the approved form would be preserved by all stakeholders viz Ship, Refit/Project Monitoring Team, COA and Shipyard.
FORMAT OF PROMULGATION CHANGE IN SCOPE OF WORK

3. Name of Work: ___________________

4. D.L. NO: ___________________
   (Wherever applicable)

3. Proposed by:

4. Reference: _______________
   Document: _______________

5. Details of additional work (if required use overleaf of the form / attach Annexures)

<table>
<thead>
<tr>
<th>NAME</th>
<th>DESIGNATION</th>
<th>SIGNATURE OF THE PROPOSER</th>
</tr>
</thead>
</table>

6. (a) Proposal No._______________

   (b) Effect on overall Schedule   REP OF FIRM/PROJECT
   MANAGER OF SHPYARD

   (c) Approved Cost

7. Approved / Not approved
   (Reasons if any)   COA/HEAD OF PROJECT
   MONITORING TEAM
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.

****
### TIME FRAME UNDER FTP

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<tr>
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<th>Activity</th>
<th>Time Frame (days/months)</th>
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<td>Initiation of Proposal by Service HQs</td>
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<td>3.</td>
<td>Preparation, vetting, approval and issue of the Request for Proposal</td>
<td>10 days</td>
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<td>4.</td>
<td>Receipt of Responses from vendors</td>
<td>30-45 days</td>
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<td>5.</td>
<td>Technical Evaluations*</td>
<td>10 days</td>
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<td>6.</td>
<td>On site Evaluations by Empowered Committee*</td>
<td>15-45 days</td>
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<td>Approval of Empowered Committee’s report</td>
<td>7 days</td>
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<td>8.</td>
<td>Commercial Negotiations</td>
<td>15-45 days</td>
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<td>9.</td>
<td>Oversight Committee (if applicable)</td>
<td>10 days</td>
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<td>Approval of Competent Financial Authority</td>
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<td>11.</td>
<td>Contract Signing</td>
<td>8-15 days</td>
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**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.*
CHAPTER VI

STANDARD CONTRACT DOCUMENT

Agreement between the Government of the Republic of India, Ministry of Defence and
(Name of the Company) for (Name of Equipment) Contract No. ______
(No of the Contract)

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****
CONTRACT NO. (____)  

DATED (_______)  

PREAMBLE  

1. This Contract is made on this day, the (date) day of (Month & Year) in New Delhi, between the President of India represented by the Joint Secretary & Acquisition Manager (Land/Air/Maritime Systems)/Major General & equivalent, Service Headquarters/Coast Guard, Ministry of Defence, Government of India, hereinafter referred to as the BUYER (which terms unless excluded by the context, shall be deemed to include his successor in office) on one part and M/s (name of the company with address) duly represented by ____ and incorporated under the laws of ____, having its registered office at ____, (which terms unless expressly indicated by the context shall be deemed to include its successors and its assignee), hereinafter referred to as the "SELLER" on the other part. WHEREAS, The BUYER agrees to buy and the SELLER agrees to sell the Goods and Services (hereinafter collectively referred as ‘Deliverables’) described in Annexure-I of this Contract and in accordance with the terms and conditions of this CONTRACT AND WHEREAS the SELLER assures the BUYER that the BUYER has the right to have the supplies manufactured in India through a nominated agency and supply it to the BUYER.  

2. Definitions. The words and expressions beginning with initial Capital letter or are in Capitals and defined in this Contract shall, unless the context otherwise requires, have the meaning ascribed thereto herein, and the words and expressions defined in the Annexures and used therein shall have the meaning ascribed thereto in the Schedules.  

   (a) “Contract” shall mean this present document reference: Contract No. ______________, which inherently includes all Articles and its listed Annexures and Appendices, and any amendments thereto.  

   (b) “Deliverables” shall mean all the Goods and Services which are to be delivered under this Contract.  

   (c) “Total Contract Price” shall mean the total final negotiated price of present Contract including all taxes and duties applicable at the time of signing of Contract, of the deliverables to be supplied as specified at Article 1.  

   (d) “Expiration of Contract”  

3. Order of Precedence. This Contract and documents forming part of or referred to in this Contract are to be taken as mutually explanatory and, unless otherwise expressly provided elsewhere in this Contract, the priority of this Contract and other documents and Contracts forming part hereof or referred to herein shall, in the event of any conflict between them, be in the following order:-
Subject to the provisions of the Contract, in case of ambiguities or discrepancies within this Contract, the following shall apply:-

(i) between 2(two) or more Articles of this Contract, the provisions of a specific Article relevant to the issue under consideration shall prevail over those in other Articles;

(ii) between the Articles of this Contract and the Annexures, the Articles shall prevail and between Annexure and Appendices, the Annexure shall prevail;

(iii) between any 2(two) Annexures, the Annexure relevant to the issue shall prevail;

(iv) between the written description on the Drawing and the Specifications and Standards, the latter shall prevail;

(v) between the dimension scaled from the Drawing and its specific written dimension, the latter shall prevail; and

(vi) between any value written in numerals and that in words, the latter shall prevail.

If either Party becomes aware of any inconsistency, within or between the documents referred to in Article, such Party shall notify the other Party forthwith and the parties will seek to resolve that inconsistency on the basis of order of preference set out above.

The headings used in this Contract are inserted for the convenience of the parties and shall not define, limit, or describe the scope or the intent of the provisions of this Contract.

It is hereby agreed and declared by and between the parties hereof:

ARTICLE 1

SCOPE OF CONTRACT

1.1 The SELLER undertakes to sell and to deliver to the BUYER and the BUYER undertakes to accept and pay for all deliverables in accordance with the terms and conditions stipulated in this Contract [for the acquisition of ___(nomenclature of the equipment)] and accompanied accessories according to the technical specifications stipulated in Annexure II to this Contract and the quantities, unit prices and total value, as specified in Annexure I of this Contract.

1.2 The Total Contract Price including taxes and duties applicable at the time of signing of Contract of the deliverables to be supplied according to this Contract amounts to
Rs/US $/Euro/PS £ _______ (in words).

1.3 For Advance Payment Bank Guarantee (APBG), Performance-cum-Warrantee Bank Guarantee (PWBG) and Additional Bank Guarantee (ABG), the Total Contract Price to be considered, excluding the Total Price of AMC/CMC/PBL (if any), of the deliverables to be supplied according to this Contract amounts to Rs/US $/Euro/PS £ _______ (in words). For Performance Bank Guarantee (PBG), in case of AMC/CMC/PBL, the Total Price of AMC/CMC/PBL to be considered, excluding taxes and duties, according to this Contract amounts to Rs/US $/ PS £ _______ (in words). The Bank Guarantees are to be submitted as per following:-

1.3.1 **Foreign Seller.** Bank guarantee(s) shall be from any Indian Public Sector Bank or Private Sector Banks notified for business with GoI vide MoF/CGA no. _______ or branches of Foreign Bank in India licensed by RBI or First Class banks of international repute whose details have to be furnished in the Commercial Bid. In case of International banks, the Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi or any other Public or Private Sector Bank authorised by RBI and as per their recommendations seek confirmation of Bank Guarantee(s) by counter guarantee by an Indian Bank at Seller’s cost. The Seller has the option to furnish multiple Bank Guarantees.

1.3.2 **Indian Seller.** In case of Indian Sellers, the Bank Guarantee(s) shall be from any Indian Public Sector Bank or Private Sector Banks notified for business with GoI vide MoF/CGA no. _______. The SELLER has the option to furnish multiple Bank Guarantees.

**ARTICLE 2**
**EFFECTIVE DATE OF CONTRACT**

2.1 The Contract shall come into effect on the date of signature of both the parties on the Contract (Effective Date) and shall remain valid until the completion of the obligations of the parties under the Contract. The deliveries, supplies and performance of the services shall commence from the effective date of the 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 wherein 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.

2.2 The BUYER and the SELLER have to fulfil the following obligations:-

(a) **SELLER.** The SELLER shall furnish the following documents to the BUYER:-

(i) Advance Payment Bank Guarantee and Invoice.
(ii) Performance cum Warranty Bank Guarantee; and

(iii) Export License from the SELLER’s Government, as applicable (a copy of Seller’s application for export license to their government may be provisionally accepted in lieu of export license for release of Advance Payment with the caveat that the Seller should submit the requisite Export License prior to release of next payment from the BUYER).

(iv) Additional Bank Guarantee for Essential Parameter ‘B’, if applicable

(b) **BUYER**. The BUYER shall also provide End User’s Certificate, if required, to the SELLER within 30 days of signing of the Contract.

**ARTICLE 3A**

**ADVANCE PAYMENT BANK GUARANTEE**

(For Foreign Sellers only)

3A.1 An Advance Payment Bank Guarantee will be submitted by the SELLER in the form of a bank guarantee by (SELLER’S BANK.............) in favour of Government of India, Ministry of Defence equal to ___% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) i.e. for US $/Euro/PS £ .............. (in words US Dollars/Euro/PS.......................... only). The SELLER has the option to furnish multiple Bank Guarantees.

3A.2 The prescribed format of the Advance Payment Bank Guarantee is mentioned in **Annexure-IV** to this Contract.

3A.3 The Advance Payment Bank Guarantee shall be considered open upon receipt by the BUYER’s bank.

3A.4 Advance Payment Bank Guarantee (APBG) shall be proportionately and automatically reduced until full extinction along with and prorate to the value of each delivery as evidenced by the corresponding copy of document proving delivery (Bill of Lading or Air Way Bill or CRV, as the case may be) and invoices of Deliverables supplied/provided. The SELLER has the option to furnish separate Bank Guarantee for each lot/batch/deliverable(s) (as specified at Ser 3.1.2 of Annexure III to Chapter VI) to affect pro-rata reduction of APBG.

**ARTICLE 3B**

**ADVANCE PAYMENT BANK GUARANTEE**

(For Indian Sellers only)

3B.1 An Advance Payment Bank Guarantee will be submitted by the SELLER in the form of a bank guarantee, in favour of Government of India, Ministry of Defence, equal to ___% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) i.e. for Rs.............. (in words Rs......................... only). The SELLER has the option to furnish multiple Bank Guarantees.
3B.2 The prescribed format of the Advance Payment Bank Guarantee is mentioned in Annexure IV to this Contract.

3B.3 The Advance Payment Bank Guarantee shall be considered open upon receipt by the BUYER’s bank.

3B.4 The Advance Payment Bank Guarantee (APBG) shall be proportionately and automatically reduced until full extinction along with and prorate to the value of each delivery as evidenced by the corresponding copy of document proving delivery (Bill of Lading or Air Way Bill or CRV, as the case may be) and invoices of deliverables supplied/provided. The SELLER has the option to furnish separate Bank Guarantee for each lot/batch/deliverable(s) (as specified at Ser 3.1.2 of Annexure III to Chapter VI) to affect pro-rata reduction of APBG.

ARTICLE 3C
ADVANCE PAYMENT INDEMNITY BOND
(Applicable for Defence PSUs/JVs with DPSUs or PSUs or Government Entities being issued RFP as a Nominated Production Agency or on an ab-initio single vendor basis only)

3C.1 An Advance Payment Indemnity Bond will be submitted by the Defence PSUs/JVs with DPSUs/PSUs/Govt Entity in favour of Government of India, Ministry of Defence, equal to ____% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) i.e. for Rs……………… (in words Rs…………………………. only).

3C.2 The Advance Payment Indemnity Bond shall be proportionately and automatically reduced until full extinction along with and prorate to the value of each delivery as evidenced by the corresponding copy of document proving delivery (Bill of Lading or Air Way Bill, as the case may be) and the invoices of deliverables supplied/provided.

ARTICLE 3D
ADDITIONAL BANK GUARANTEE FOR ESSENTIAL PARAMETER- B CASES
(For Foreign Sellers Only)

3D.1 An Additional Guarantee will be submitted by the SELLER in the form of a bank guarantee by (SELLER’s BANK……………. in favour of Government of India, Ministry of Defence, equal to ____% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) i.e. for US $/Euro/PS£………. (in words US Dollars/Euro/PS £……………………only). The SELLER has the option to furnish multiple Bank Guarantees. However, in cases where the equipment fielded by the Seller emerging L1 has already been trial evaluated for Essential Parameters - B and found compliant to same, the Seller will not furnish an Additional Bank Guarantee for Essential Parameters – B.

3D.2 The prescribed format of the Additional Bank Guarantee is mentioned in Annexure- IV (B) to this Contract.

3D.3 The Additional Bank Guarantee shall be considered open upon receipt by BUYER’s
ARTICLE 3E
ADDITIONAL BANK GUARANTEE FOR ESSENTIAL PARAMETER- B CASES
(For Indian Sellers Only)

3E.1 An Additional Guarantee will be submitted by the SELLER in the form of a bank
   guarantee, in favour of Government of India, Ministry of Defence, equal to _____ % of the
   Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) i.e. for Rs……….. (in
   words Rs……………….only). The SELLER has the option to furnish multiple Bank
   Guarantees. However, in cases where the equipment fielded by the Seller emerging L1 has
   already been trial evaluated for Essential Parameters - B and found compliant to same, the
   Seller will not furnish an Additional Bank Guarantee for Essential Parameters – B.

3E.2 The prescribed format of the Additional Bank Guarantee is mentioned at Annexure-
   IV(B) to this Contract.

3E.3 The Additional Bank Guarantee shall be considered open upon receipt by the
   BUYER’s bank.

ARTICLE 4A
PERFORMANCE CUM WARRANTY BANK GUARANTEE
(For Foreign Sellers only)

4A.1 A Performance cum Warranty Bank Guarantee will be submitted by the SELLER in
   the form of a bank guarantee by (SELLER’S BANK……………), in favour of Government of
   India, Ministry of Defence, equal to 5 % of the Total Contract Price (excluding taxes and
   duties and Total Price of AMC/CMC/PBL,, if any) i.e. for US $/Euro/PS £ ……………… (in
   words US Dollars/Euro/PS………………………….. only). The SELLER has the option to
   furnish multiple Bank Guarantees.

4A.2 The prescribed format of the Performance-cum-Warranty Bank Guarantee is
   mentioned at Annexure IV (A) of this Contract. The Performance-cum-Warranty Bank
   Guarantee shall be considered open upon receipt by the BUYER’s bank.

4A.3 The Performance-cum-Warranty Bank Guarantee shall remain valid for a period of
   three months beyond the warranty period.

4A.4 In case any claim or any other Contractual obligation are outstanding, the SELLER
   shall extend the Performance-cum-Warranty Bank Guarantee as asked by the BUYER till
   such time the SELLER settles all claims and completes all Contract obligations.

4A.5 The Performance-cum-Warranty Bank Guarantee will be subject to encashment by
   the BUYER in case, condition regarding adherence to delivery schedule, warranties,
settlements-claims and other provisions of the Contract are not fulfilled by the SELLER. If at any stage, the Performance Guarantee is invoked by the Buyer either in full or in part, the Seller shall make good the shortfall in PWBG within 30 days by an additional Bank Guarantee for equivalent amount. In the event of failure to submit the required Bank Guarantee against invoked Performance Guarantee, equivalent amount will be withheld from the next stage payment till the shortfall in the Bank Guarantee is made good by the Seller.

ARTICLE 4B
PERFORMANCE CUM WARRANTY BANK GUARANTEE
(For Indian Sellers only)

4B.1 A Performance cum Warranty Bank Guarantee will be submitted by the Seller in the form of a Bank Guarantee, in favour of Government of India, Ministry of Defence, equal to 5% (Five percent) of the Total Contract Price (excluding taxes and duties and Total Price of AMC/CMC/PBL, if any) i.e. for Rs______ (in words Rs______only). The SELLER has the option to furnish multiple Bank Guarantees.

4B.2 The prescribed format of the Performance-cum-Warranty Bank Guarantee is mentioned at Annexure IV(A) of this Contract. The Performance-cum-Warranty Bank Guarantee shall be considered open upon receipt by the BUYER’s bank.

4B.3 The Performance-cum-Warranty Bank Guarantee shall remain valid for a period of three months beyond the warranty period.

4B.4 In case any claim or any other Contractual obligation are outstanding, the SELLER shall extend the Performance-cum-Warranty Bank Guarantee as asked by the BUYER till such time the SELLER settles all claims and completes all Contractual obligations.

4B.5 The Performance-cum-Warranty Bank Guarantee will be subject to encashment by the BUYER in case, condition regarding adherence to delivery schedule, warranties, settlements claims and other provisions of the Contract are not fulfilled by the SELLER. If at any stage, the Performance Guarantee is invoked by the Buyer either in full or in part, the Seller shall make good the shortfall in PWBG within 30 days by an additional Bank Guarantee for equivalent amount. In the event of failure to submit the required Bank Guarantee against invoked Performance Guarantee, equivalent amount will be withheld from the next stage payment till the shortfall in the Bank Guarantee is made good by the Seller.

ARTICLE 4C
PERFORMANCE CUM WARRANTY INDEMNITY BOND
(Applicable for Defence PSUs/JVs with DPSUs or PSUs or Government Entities being issued RFP as a Nominated Production Agency or on an ab-initio single vendor basis only)

4C.1 A Performance cum Warranty Indemnity bond will be submitted by the Defence PSUs/JVs with DPSUs/PSUs/Govt Entity in favour of Government of India, Ministry of Defence, equal to 5% (Five percent) of the Total Contract Price (excluding taxes and duties and Total Price of AMC/CMC/PBL, if any) i.e. for Rs______ (in words Rs______only).
4C.2 The prescribed format of the Performance-cum-Warranty Bank Guarantee is mentioned at Annexure IV(C) of this Contract. The Performance-cum-Warranty Indemnity bond shall remain valid for a period of three months beyond the warranty period.

4C.3 In case any claim or any other Contractual obligation are outstanding, the SELLER shall extend the Performance-cum-Warranty Indemnity bond as asked by the BUYER till such time the SELLER settles all claims and completes all Contract obligations.

4C.4 The Performance-cum-Warranty Indemnity bond will be invoked by the BUYER in case, condition regarding adherence to delivery schedule, warranties, settlements claims and other provisions of the Contract are not fulfilled by the SELLER. If at any stage, the Performance Guarantee is invoked by the Buyer either in full or in part, the Seller shall make good the shortfall in PWBG within 30 days by an additional Bank Guarantee for equivalent amount. In the event of failure to submit the required Bank Guarantee against invoked Performance Guarantee, equivalent amount will be withheld from the next stage payment till the shortfall in the Bank Guarantee is made good by the Seller.

ARTICLE 4D
PERFORMANCE BANK GUARANTEE FOR AMC/CMC
(For Foreign Sellers only)

4D.1 A Performance Bank Guarantee, will be submitted by the SELLER in the form of a bank guarantee by (SELLER’S BANK.............), in favour of Government of India, Ministry of Defence, equal to 5 % of the Total Price of AMC/CMC, excluding taxes, i.e. for US $/Euro/PS £ …………… (in words US Dollars/Euro/PS……………………………… only) prior to expiry/return of the PWBG of the Main Contract. The SELLER has the option to furnish multiple Bank Guarantees.

4D.2 The prescribed format of the Performance Bank Guarantee is to be as per Annexure IV (A) of this Contract. The Performance Bank Guarantee shall be considered open upon receipt by the BUYER’s bank.

4D.3 The Performance Bank Guarantee shall remain valid for 03 months beyond the period of AMC/CMC.

4D.4 In case any claim or any other Contractual obligation are outstanding, the SELLER shall extend the Performance Bank Guarantee as asked by the BUYER till such time the SELLER settles all claims and completes all Contract obligations.

4D.5 The Performance Bank Guarantee will be subject to encashment by the BUYER in case, condition regarding adherence to operational availability, permissible downtime and other provisions of the Contract are not fulfilled by the SELLER.

ARTICLE 4E
PERFORMANCE BANK GUARANTEE FOR AMC/CMC
(For Indian Sellers only)

4E.1 A Performance Bank Guarantee will be submitted by the SELLER in the form of a bank guarantee, in favour of Government of India, Ministry of Defence, equal to 5% of the Total Price of AMC/CMC, excluding taxes, i.e. for Rs …………… (in words Rs………… only) prior to expiry/return of the PWBG of the Main Contract. The SELLER has the option to furnish multiple Bank Guarantees.

4E.2 The prescribed format of the Performance Bank Guarantee is to be as per Annexure IV(A) of this Contract. The Performance-cum-Warranty Bank Guarantee shall be considered open upon receipt by the BUYER’s bank.

4E.3 The Performance Bank Guarantee shall remain valid for 03 months beyond the period of AMC/CMC.

4E.4 In case any claim or any other Contractual obligation are outstanding, the SELLER shall extend the Performance Bank Guarantee as asked by the BUYER till such time the SELLER settles all claims and completes all Contract obligations.

4E.5 The Performance Bank Guarantee will be subject to encashment by the BUYER in case, condition regarding adherence to operational availability, permissible downtime and other provisions of the Contract are not fulfilled by the SELLER.

ARTICLE 4F
PERFORMANCE INDEMNITY BOND
(Applicable for Defence PSUs/ JVs with DPSUs or PSUs or Government Entities being issued RFP as a Nominated Production Agency or on an ab-initio single vendor basis only)

4F.1 A Performance Indemnity bond will be submitted by the Defence PSUs/JVs with DPSUs/PSUs/Govt Entity, in favour of Government of India, Ministry of Defence, equal to 5% (Five percent) of the Total Contract price of AMC/CMC, excluding taxes, i.e. for Rs___ (in words Rs _______ Only) prior to expiry/return of the PWBG of the Main Contract.

4F.2 The Performance Indemnity bond will be invoked by the BUYER in case, condition regarding adherence to operational availability, permissible downtime and other provisions of the Contract are not fulfilled by the SELLER.

ARTICLE 5A
PAYMENT TERMS
(For Foreign Sellers only)

5A.1 The Accounting and Payment currencies shall be US Dollars/Euro/Pound Sterling/any other currency.

5A.2 The Total Contract Price referred to in Article 1 of the Contract shall be paid in accordance with the payment schedule at Annexure I.

5A.3 **Advance Payment.** ____% of Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) being USD/Euro/Pound Sterling/any other currency, shall be paid to the SELLER within 30 days of the receipt of the documents indicated at Article 2.2(a) through Bank Transfer, subject to correction and acceptability of the documents submitted.

5A.4 ____% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) being USD/Euro/Pound Sterling/any other currency shall be paid to the SELLER through a documentary irrevocable Letter of Credit (LC), mentioned at Annexure X, to be opened by the BUYER as follows:-

(a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.

(b) Consequent on receipt of the above notification, the BUYER shall open the LC before expiry of this period of 45 days provided a 5% Performance cum Warranty Bond for the Full value of the Contract has been received.

(c) The LC will be opened in any Public Sector bank (as decided by the BUYER).

(d) With SELLER’s Bank, i.e., __________________________ Account No. __________ in favour of SELLER and will be valid for a period of _________ days/months from the date of opening.

*Note: Since the LC charges are fixed on per quarter basis, it may be ensured that LC validity is fixed in multiples of 90,180,270 days depending upon the delivery schedule. In case the delivery is in multiple consignments and there is a long delivery schedule more than one LC or revolving LC can be opened.*

5A.5 The payment under the LC (Relevant Article may be referred e.g Article 5A.4) shall be made against presentation of the following documents, by the SELLER to the LC issuing bank:-

(a) SELLER’s commercial invoice in sextuplicate, showing the number of the Contract, quantity and Denomination of the Equipment delivered and the amount.

(b) Full set of Originals “Clean on Board” Bills of Lading/Air Way Bill (for payments against dispatch).

(c) Packing List (six copies).
(d) Certificate of Origin, duly stamped by the SELLER’s Chamber of Commerce or self-certified by OEM.

(e) Certificate of Conformity and Acceptance Test report (where applicable) at the Pre Despatch Inspection signed by BUYER’s and the SELLER’s Quality Assurance Department. In case BUYER’s representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and Acceptance certificate issued by the SELLER (for payments against dispatch).

(f) Certificate of current manufacture from OEM.

(g) Certified Receipt Voucher (CRV) by the BUYER (for payment against delivery).

(h) Dangerous Cargo Certificate, where applicable.

(j) Phyto-Sanitary/Fumigation Certificate, where applicable.

(k) In case of training, a certificate from BUYER’s representative that training program has been completed.

(l) Export License from the SELLER’s Government (if applicable).

5A.6 All expenses connected with establishment of the LC in India will be borne by the BUYER and those outside India will be borne by the SELLER.

5A.7 Where the extension of the validity of LC is necessitated, the bank charges for extension shall be borne by the party whose default causes such an extension.

5A.8 Transshipment may not be permitted for certain deliverables and/or under certain situations, (as specified by the BUYER in RFP).

5A.9 Three copies of SELLER’s Commercial Invoices, shipping documents and packing list will be sent by courier and fax by the SELLER to the BUYER (Wing of Service HQ to be specified) within 3 days after the equipment has been shipped. Intimation may also be forwarded to Ministry of Defence, South Block, New Delhi (Wing to be specified).

5A.10 The LC shall be subject to and shall be governed by the extant Uniform Customs and Practices for Documentary Credits issued by the International Chamber of Commerce.

5A.11 All payments will be carried out with reference to the number of this Contract.

5A.12 **On Final Acceptance and Installation/Commissioning.** The remaining ___% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) shall be paid within thirty (30) days after the date of the Acceptance Certificate & Certified Receipt Voucher (CRV) issued by the BUYER and other relevant documents as mentioned above for final payment, but such payments will be subject to the deductions of such amounts as the
SELLER may be liable to pay under the agreed terms of the Contract.

5A. 13 Balance Payment (if applicable). The balance payment for ___% of the Contract Price (excluding total Price of AMC/CMC/PBL, if any) shall be paid to the SELLER by LC/Bank Transfer within ___ days of completion of Joint Receipt Inspection (JRI) and Acceptance of goods against presentation of following documents:-

(a) Copies of invoices (three copies).
(b) Copy of JRI and acceptance certificate issued by the BUYER.
(c) Any other relevant document indicated at Article 5.5.

5A.14 SELLER’s bankers address and account number:

______________________________
Account No.:
Sort code:
SWIFT Code:

5A.15 AMC/CMC Payments. (Note: This Para may be included if there is AMC/CMC clause in RFP). Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through issue of cheque/ECS.

ARTICLE 5B
PAYMENT TERMS

(For Indian Sellers in cases excluding “Buy Global” (other than DPSUs in ab-initio Single Vendor Cases or as a nominated Production Agency))

5B.1 The total Contract Price referred to in Article 1 of this Contract shall be paid in accordance with the payment schedule at Annexure I.

5B.2 Advance Payment _____% of Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) being Rs ______shall be paid to the SELLER within 30 days of the receipt of the documents indicated at 2.2(a), subject to correction and acceptability of the documents submitted.

5B.3 Balance payment will be made on _______% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) on proof of dispatch and inspection note issued by the Inspecting Authority and ________% will be paid on receipt of stores in good condition by the ultimate consignee. A certificate to that effect will be endorsed on the copy of Inspection note which shall accompany the bill submitted by the supplier. The payment will be made on production of following documents:-

(a) Commercial Invoices (original copy)
(b) SELLER Bills.
(c) Inspection Acceptance Certificate demonstrating compliance with the technical specification of the Contractor to be issued by the beneficiary.

(d) Packing list.

(e) Warranty certificate from the SELLER.

5B.4 **On Final Acceptance and Installation/Commissioning.** The remaining ____% of the Total Contract Price (excluding total Price of AMC/CMC/PBL, if any) shall be paid within thirty (30) days after the date of the Acceptance Certificate & Certified Receipt Voucher (CRV) issued by the BUYER and other relevant documents as mentioned above for final payment, but such payments will be subject to the deductions of such amounts as the SELLER may be liable to pay under the agreed terms of the Contract.

5B.5 The paying authority for this Contract is ____________.

5B.6 In Shipbuilding cases, the payment will be made by PCDA/CDA who will release the payment through cheque/EFT to an Escrow Account as per modalities of Escrow Agreement signed between the BUYER, SELLER and Escrow account operating Bank at the time of signing of Contract.

5B.7 **AMC/CMC Payments.** (Note: This Para may be included if there is AMC/CMC clause in RFP). Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through issue of cheque/ECS.

**ARTICLE -5C**

**PAYMENT TERMS**

[For Indian Sellers under Capital Acquisition, Category “Buy Global” (other than DPSUs in *ab initio* Single Vendor Cases or as a nominated production agency)]

5C.1 In all of these cases, Indian Sellers can exercise option to take payment either through LC or Bank Transfer. The Payments Terms would be regulated as given below:-

<table>
<thead>
<tr>
<th>Clause</th>
<th>Where Supplier opts for payment through LC</th>
<th>Where Supplier opts for payment through Bank transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Accounting and Payment currencies shall be Rupees only. However, Exchange Rate Variation (ERV), as per ERV provisions contained in Annexure I to Appendix L of Schedule I to Chapter II and Para 6 of Appendix F of Schedule I to Chapter IV, where permissible, shall be paid, only in INR.</td>
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<tr>
<td>2</td>
<td>The components of total Contract price are as follows:</td>
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<tr>
<td></td>
<td>(a) Value of goods supplied - Basic cost of Goods including ESP, as per the Contract</td>
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<td></td>
<td>(b) Freight and Insurance - As per the Contract</td>
<td></td>
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<td></td>
<td>(c) Training charges and technical literature</td>
<td></td>
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<tr>
<td></td>
<td>(d) Reimbursable expenses - Taxes and duties as admissible under the Contract</td>
<td></td>
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<tr>
<td>(e)</td>
<td>AMC charges- As per the Contract</td>
<td></td>
</tr>
<tr>
<td>(f)</td>
<td>Installation and Commissioning charges- As per the Contract</td>
<td></td>
</tr>
</tbody>
</table>

3 The total Contract price referred to in Article 1 of the Contract shall be paid **in accordance with the payment schedule at Annexure I.**

   (a) Advance Payment. ____% of total value of goods supplied being ₹-------- shall be paid to the SELLER, through Bank Transfer, within 30 days of the receipt of the following documents:

   (b) Advanced Payment Bank Guarantee as per Article 3B of the Contract.

   (c) Performance cum Warranty Bank Guarantee as per Article 4B of the Contract.

   (d) Any other specific document (like proforma invoice) if required.

*Note: The second stage advance payment after completion of specific milestone may also be paid through Bank Transfer."

4 For the second/next stage payment the SELLER has the option to seek payment either through Bank transfer from the O/o of PCDA _________ or through LC.

5 Where the SELLER opts for payment through LC, all payments except for the first stage payment as per clause 3 above shall be made by LC, as per following conditions:

   (a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.

   (b) Consequent on receipt of the above notification, the BUYER shall open the Letter of Credit through PCDA before expiry of this period of 45 days provided a 5% Performance cum Warranty Bank Guarantee for the Full value of the Contract has been received.

   (c) The LC will be opened with a Public Sector bank for _____% of the Contract Price value with the SELLER’s Bank, i.e. __________ & SELLER’s Account No. __________. It will be valid for a period of_________ days/months from the date of opening.

Where the SELLER opts for payment through Bank Transfer payment shall be made as per following conditions:

   (a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.

   (b) Once a Supplier opts for payment through Bank Transfer, no changes in mode of payment would be permitted.
Note - Since the LC charges are fixed on per quarter basis, it may be ensured that LC validity is fixed in multiples of 90,180,270 days/months depending upon the delivery schedule. In case the delivery is in multiple consignments and there is a long delivery schedule more than one LC or revolving LC can be opened.

(d) The payment against LC shall be made to the SELLER against presentation of the documents specified.

(e) In the event of delay in opening the LC (reasons for which are solely attributable to BUYER), the delivery date will automatically stand extended to that extent. Formal amendment/certification from BUYER will be required as shipment date would have to be amended in SWIFT form accordingly.

(f) All expenses connected with establishment of the LC in India will be borne by the SELLER.

(g) Where the extension of the validity of LC is necessitated, the Bank charges for extension shall be borne by the party whose default causes such an extension.

(h) Once a SELLER opts for payment through LC, no mid-way changes in mode of payment are permitted.

(j) The LC shall be subject to and shall be governed by the instant Uniform Customs and Practices for Documentary Credits issued by the International Chamber of Commerce.

(k) Any amendment in LC terms will be subject to BUYER’s approval.

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<td>6</td>
<td>All payments will be carried out with reference to the number of this Contract.</td>
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<tr>
<td>7</td>
<td>The Second/next Stage payment comprising _____% of the value of goods supplied and full freight and insurance (where admissible) thereon, shall be paid to</td>
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</tbody>
</table>
the SELLER on submission of the following documents, in six copies each:

(a) Commercial invoices in original.

(b) Contractor’s bill in original.

(c) Certificate of Conformity and Acceptance test report at the Pre Despatch Inspection signed by BUYER’s and the SELLER’s Quality Assurance Department. In case BUYER’s representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and acceptance certificate issued by the SELLER.

(d) Proof of Despatch (original copies of RR, P. Way bill of Lading, Airway bill as applicable).

(e) Packing List.

(f) Warranty certificate from the SELLER.

(g) Certificate of current manufacture from OEM.

(h) Insurance documents for 110% of the cost of consignment, except where the supply is Ex-Works.

(j) Proof of Duty/Tax paid/reimbursable like deposition receipt/challan etc.

**Note**-

The Invoice and Seller’s bill must show the Contract reference number, break-up of costs in terms of unit costs, total costs, exchange rate element, percentage rates of taxes and duties and amount payable/paid, in complete detail.

(ii) Three copies of SELLER’s Commercial Invoices, proof of dispatch, packing list and the specifications will be sent by courier and fax by the SELLER to the BUYER (Wing of Service HQ to be specified) within 3 days after the equipment has been shipped. Intimation may also be forwarded to Ministry of Defence, South Block, New Delhi (Wing to be specified).

<table>
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<tr>
<th>8</th>
<th>Payment of other components of Contract-</th>
<th>Payment of other components of Contract-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a) <strong>Training</strong>. Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative that training program has been completed.</td>
<td>(a) <strong>Training</strong>. Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative that training program has been completed.</td>
</tr>
<tr>
<td></td>
<td>(b) <strong>Reimbursable Expenses</strong>. Based on documentary proof of actual payment against the Contract, issued by relevant statutory authority. Sellers may ensure submission of same with details of Contractual obligations</td>
<td>(b) <strong>Reimbursable Expenses</strong>. Based on documentary proof of actual payment against the Contract, issued by relevant</td>
</tr>
</tbody>
</table>
### ARTICLE 6

**MONITORING OF PROJECT BASED ON CONTRACTUAL MILESTONES**

<table>
<thead>
<tr>
<th>20</th>
<th>completed and payments received. This clause shall form part of LC. statutory authority. Sellers may ensure submission of same with details of Contractual obligations completed and payments received.</th>
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<tbody>
<tr>
<td>20</td>
<td>(c) <strong>Installation and Commissioning Charges.</strong> Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative. Documents in proof of rates claimed shall need to be annexed. (c) <strong>Installation and Commissioning Charges.</strong> Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative.</td>
</tr>
<tr>
<td>20</td>
<td>(d) <strong>AMC Charges.</strong> Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative. (d) <strong>AMC Charges.</strong> Commercial invoice/ Seller’s bill, duly accepted by Contract executing authority and Certificate from BUYER’s representative.</td>
</tr>
<tr>
<td>20</td>
<td><strong>Balance Payment.</strong> The balance payment for ___% shall be paid to the SELLER against presentation of following documents:- (a) Copies of invoices (three copies). (b) Copy of JRI and acceptance certificate issued by the BUYER. (c) Seller’s bill (d) Extended bank guarantee wherever required</td>
</tr>
<tr>
<td>20</td>
<td>SELLER’s bankers address and account number: - SELLER’s bankers address and account number:- Bank Name: Branch Name: Account No.: Sort Code: SWIFT Code: IFSC Code RTGS No. Bank Name: Branch Name: Account No.: Sort Code: SWIFT Code: IFSC Code RTGS No.</td>
</tr>
<tr>
<td>20</td>
<td>Where admissible, tax deduction at source will be done by the Bank releasing payment against LC. Where admissible, tax deduction at source will be done by PCDA.</td>
</tr>
<tr>
<td>20</td>
<td>Payment/recovery in terms of the Contract will be made by the Bank releasing payment against LC. All documents under the LC shall be delivered by the Bank to PCDA (through Trade Finance CPC, New Delhi). Payment/recovery in terms of the Contract will be made by PCDA.</td>
</tr>
</tbody>
</table>
6.1 After placement of order, the BUYER reserves the right but not the obligation to monitor the progress of the project based on Contractual milestones to be achieved by the SELLER as specified in the table below:

<table>
<thead>
<tr>
<th>Sl</th>
<th>Milestone</th>
<th>Timeline (To+Weeks)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

*Include the Contractual milestones specified in the RFP or as negotiated with the SELLER during Contract negotiations.*

6.2 The Project Monitoring Meeting is to be organized at _____ months interval. The SELLER shall attend the progress monitoring meetings through its suitably qualified representatives and shall submit progress reports to the BUYER in the format (if any) specified.

6.3 In case the project does not proceed as per the Contractual milestone(s), the BUYER will have the right to invoke Termination of the Contract.

6.4 **For Shipbuilding Cases.** After placement of order the BUYER at his own expense may depute to the Shipyard at quarterly (or as considered necessary) intervals, teams of representatives to review and coordinate the progress of the commitments made for achieving the Contractual milestones by the SELLER as specified in table below:

<table>
<thead>
<tr>
<th>Sl</th>
<th>Milestone</th>
<th>Timeline (To+Weeks)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Include the Contractual milestones specified in the RFP or as negotiated with the SELLER during Contract negotiations.*

6.5 In case the project does not proceed as per the Contractual milestone(s), the BUYER will have the right to invoke Termination of the Contract.

**ARTICLE 7**

**SPECIFICATION**

7.1 The SELLER guarantees to meet the specifications as per **Annexure-II**, the statement of work as per **Annexure-III** and to incorporate the modifications to the existing design configuration to meet the specific requirement of the BUYER as per Annexure-V and modifications/requirements recommended after the confirmatory trials/MET, in the first off production model of (Year) to be supplied to the BUYER. All technical literature and drawing shall be amended as per the modifications by the SELLER before supply to the BUYER.

*Note: The underlined language should be deleted in cases where it is not applicable, such as when confirmatory trials/MET are conducted prior to Contract award.*
7.2 The SELLER, in consultation with the BUYER, may carry out technical 
upgradation/alterations in the design, drawings and specifications due to change in 
manufacturing procedures, indigenisation or obsolescence. This will, however, not in any 
way adversely affect the end specifications of the equipment. 'Changes in technical details, 
drawings repair and maintenance techniques along with necessary SMTs/STEs/Test Jigs as a 
result of upgradation/alterations will be provided to the BUYER free of cost within (     ) 
days of affecting such upgradation/alterations.'

ARTICLE 8
QUALITY

8.1 The quality of the deliverables (Goods and Services) according to this Contract shall 
correspond to the technical conditions and standards valid for the deliveries of the same 
deliverables in SELLER’s country or specifications enumerated as per Article 7 and shall 
also include therein modifications to the deliverables suggested by the BUYER. Such 
modifications will be mutually agreed to. The SELLER confirms that the deliverables 
contained in Annexure I to be supplied under this Contract shall be new i.e. not 
manufactured before __________ (year of Contract) and shall incorporate all the latest 
improvements and modifications thereto and spares of improved and modified equipment are 
backward integrated and interchangeable with same equipment supplied by the SELLER in 
the past if any. The SELLER shall provide documentation to confirm interchangeability 
along with the changed part Nos.

8.2 QAP including the ATP is included at _____ Appendix of the contract. ATP will lay 
down the tests to be carried out during PDI and JRI. It shall be ensured that there are no 
repetition of QA tests in PDI and JRI. JRI would normally be restricted to quantitative 
checks only, except where check proof is required to be carried out. QA of equipment will be 
carried out as per finalised QAP in the contract. For technical trials by QA agencies, the 
Seller will arrange for requisite test facilities at OEM premises/accredited laboratories for 
establishing conformance. The Seller would also be required to provide those test facilities at 
OEM premises/accredited laboratories for quality assurance, which are not available with 
QA agencies.

ARTICLE 9
PRE DESPATCH INSPECTION (PDI)
(To be included, if specified in the Acceptance Test Procedure)

9.1 The BUYER representatives will carry out Pre Despatch Inspection (PDI) of the 
Equipment in order to check their compliance with specifications in accordance with 
Acceptance Test Procedures as finalised during Contract negotiation. Upon successful 
completion of PDI, the SELLER and BUYER will issue and sign a Certificate of 
Conformity as per specimen at Annexure-V. (The format given is not sacrosanct and may be 
altered as per requirement of the equipment.)

9.2 The SELLER shall intimate the BUYER and DGQA/DGAQA/DGNAI at least 45 
days before the scheduled date of PDI. The time for visa formalities by the SELLER should
not be inclusive in this notice. The BUYER will send his authorised representatives to attend the PDI.

9.3 The list of BUYER’s representatives together with their particulars including name, title, date and place of birth, passport numbers including date of issue and date of expiry, address, etc. must be communicated by the BUYER at least (No of days) in advance to apply for the necessary authorisations and clearances to be granted.

9.4 The BUYER reserves the right not to attend the PDI or to request for a delay in the beginning of the PDI with a maximum of fifteen (15) days from the date fixed for such PDI in order to allow his representatives to attend such tests, in which cases he shall inform in writing the SELLER within 15 days before the date of the beginning of the PDI. Should the BUYER request for such delay, then liquidated damages, if any, shall not apply. In case the BUYER has informed the SELLER within the period mentioned here-above that he cannot attend the PDI or in case the BUYER does not come at the postponed date requested by him for performance of the PDI as mentioned above, the SELLER shall be entitled to carry out said tests alone as scheduled. The Certificate of Conformity and the Acceptance Test Report will be signed by the SELLER’s QA representative alone and such documents bearing the sole signature of the SELLER’s QA representative shall have the same value and effect as if they have been signed by both parties. In case BUYER does not elect to attend the PDI, then the BUYER shall intimate the SELLER in writing that it does not wish to attend the PDI.

9.5 The SELLER shall provide all reasonable facilities, access and assistance to the BUYER’s representative for safety and convenience in the performance of their duties in SELLER’s country.

9.6 All costs associated with the BUYER’s representative stay in (Name of country), including travel expenses, boarding and lodging accommodation, daily expenses, shall be borne by the BUYER.

9.7 In case of rejection of Goods during PDI, re-PDI will be undertaken at Seller’s premises at Buyer’s sole discretion. All expenses including transportation and accommodation of Buyer’s PDI team will be borne by the Seller. Towards this, the expenses towards transportation and accommodation of Buyer’s PDI team will be initially done by the Buyer and subsequently reimbursed by the Seller either by remittance or by recovery from the Balance Payment/PWBG. In the event of a failed PDI, the Seller shall consult the Buyer for rescheduling re-PDI.

ARTICLE 10

PRESERVATION, PACKING AND MARKING

10.1 The SELLER shall provide packing and preservation of the equipment and spares/goods Contracted as per ____ (standards as defined in RFP or International best practices/ relevant JSGs/DEFSTAN/STANAG) so as to ensure their safety against damage in the conditions of land, sea and air transportation, transshipment, storage and weather hazards during transportation, subject to proper cargo handling. The SELLER shall ensure
that the stores are packed in containers, which are made of sufficiently strong material. The packing cases should have hooks for lifting by crane/fork lift truck. Tags with proper marking shall be fastened to the special equipment, which cannot be packed.

10.2 The packing of the equipment and spares/goods shall conform to the requirements of specifications and standards in force in the territory of the SELLER’s country.

10.3 Each type of Spare, SMT, STE and accessories shall be packed in separate cartons. A label in English shall be pasted on the carton indicating the under mentioned details of the item contained in the carton. A tag in English with said information shall also be attached to six samples of the item. If quantity Contracted is less than six then tag shall be affixed to complete quantity Contracted of the item. The cartons shall then be packed in packing cases as required.

(a) Part Number:
(b) Nomenclature:
(c) Contract annex number:
(d) Annex serial number:
(e) Quantity Contracted:

10.4 One copy of the packing list in English shall be inserted in each cargo package and the full set of the packing lists shall be placed in Case No.1 painted in a yellow colour.

10.5 The SELLER shall mark each package with indelible paint in English language as follows:

EXPORT

Contract No. -------------------------------
Consignee -------------------------------
Importer __________________________
Port/airport of destination ---------------
Ultimate consignee ---------------------
SELLER ----------------------------------
Package No. a/b -------------------------
Gross/net weight: kg ---------------------
Overall dimensions/volume: cm/cu m ------

Any statutory hazard markings and any handling markings including the mass of any package

The Packaging Label (military J, N or P, special H, commercial A etc) (specify reference to DEFSTAN 81-041 (Part 1)/STANAG-4280 or equivalent Military Standard.)
The SELLER’s marking.
Where:  
  a-Serial No. of package;
  b-Total number of packages in this consignment.

10.6. If necessary, each package shall be marked with warning inscriptions:

<Top>, “Do Not Turn Over”, category of cargo etc.

10.7. Should any special equipment be returned to the SELLER by the BUYER, the latter shall provide normal packing, which protects the equipment and spares/goods from the damage of deterioration during transportation by land, air or sea. In this case the BUYER shall finalise the marking with the SELLER.

**ARTICLE 11**

**DELIVERY**

11.1. The delivery of the Deliverables shall be completed in accordance with the schedule laid down in Annexure III. The importer of all the deliverables to India under this Contract shall be the BUYER. *(The Annexure should clearly specify the item, the quantity and the month from the effective date of the Contract as follows):-*

<table>
<thead>
<tr>
<th>No</th>
<th>Equipment/Service</th>
<th>Quantity</th>
<th>Month from T&lt;sub&gt;0&lt;/sub&gt;</th>
</tr>
</thead>
</table>

*Note: For large value and complex weapons acquisition programme, a complete programme schedule in the form of a PERT Chart should be attached with the Contract.*

11.2. Port Consignee.

(a) Equipment. (Concerned Embarkation HQ)  
(b) Ammunition.

11.3. Ultimate Consignee.

(a) Equipment. Commandant (Name of Depot).

(b) Ammunition. Commandant (Name of Depot).

11.4 The SELLER shall intimate to the BUYER by letter or fax, six weeks in advance, the anticipated date of delivery of each consignment. The information shall consist of quantities of the deliverables and all other details required in connection with the shipment of the consignment. A copy of similar intimation shall also be forwarded to:-

(a) Service HQs (Branches may be specified as DDG/PPO, MGO, AHQ etc).

(b) Government of India, Ministry of Defence, South Block, New Delhi.

(c) Commandant COD ultimate Consignee Depot.

(d) Commandant Port Consignee.

(e) DGQA, South Block, New Delhi/DGAQA, H Block, New Delhi/DGNAI, West
Block V, RK Puram, New Delhi.

11.5 Invoices and other dispatch documents shall be prepared in favour _____ (Fill details while Contract finalising).

11.6 Two copies each of dispatch documents as listed in LC documents shall be forwarded to the following addresses within 72 hours after the goods have been dispatched or earlier, if possible:

(a) Port Consignee.
(b) Services HQrs, New Delhi-110011 (branch may be specified).
(c) Ultimate consignee.

11.7 The SELLER will also forward a copy of the Air Way Bill and Commercial invoice by fax on the day of despatch to ____ (Branch may be specified).

ARTICLE 12
TITLE AND RISK OF LOSS

12.1 Title. The title of the equipment shall transfer to the BUYER as per delivery schedule in accordance with Article 11 and as per transportation INCOTERMS in accordance with Article 13 through acceptance of documents of title on completion of JRI/User Acceptance/Delivery to the Ultimate consignee, as the case may be (as specified in the RFP), in accordance with an indicative list of documents provided below (to be finalised during CNC as per relevance):

(a) Bill of lading;
(b) Dock warrant;
(c) Warehouse keeper’s certificate;
(d) Wharfingers’ certificate;
(e) Railway receipt;
(f) Multimodal transport document;
(g) Warrant or order for the delivery of goods; or
(h) Any other document used in the ordinary course of business and as determined by the BUYER as proof of the title to the goods, or authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of such documents with the title to the goods thereby represented.

The Parties shall accordingly execute such documents as may be necessary for effecting the transfer of title in favour of BUYER, in a manner indicated in this clause, upon date of acceptance or date of installation or date of commissioning [as applicable on a case to case basis]
12.2 It is clarified that notwithstanding such transfer of title to the BUYER, the SELLER agrees that any loss or damage incurred by BUYER due to any defect in title, quality and performance of the equipment, shall be to the account of the SELLER subject to and in accordance with the provisions of this Contract.

12.3 Notwithstanding the passing of title to the BUYER as mentioned herein, such passing of title shall not in any way absolve, diminish, or dilute the responsibilities and obligations of the SELLER and the SELLER shall continue to be responsible for the risk of loss or damage, in accordance with Clause 12.5, as follows:

(a) For delivery of completed units, up to the date of acceptance; and

(b) In cases of turnkey Contracts including repair facilities involving civil works, for stage-wise construction and commissioning at BUYER’s premises, up to the date of installation/ commissioning of the completed stores/works, on final acceptance by the BUYER.

12.4 In case of termination, for reasons specified in Clause 22A.1, read with Clause 22A.2 to 22A.6 of this Contract, it is clarified that, the title of the partially built material shall be transferred upon its possession with the BUYER if the BUYER exercises his/her discretion to take over partially built material as per Article 22A.2. The methodology for accounting and physical handover of materials/ equipment shall be done at the book value certified by an independent auditors/ licensed surveyors, as determined by the BUYER from authorised firms or body corporate, set forth in Appendix [*] of this Contract. If the SELLER has reason to believe that the independent auditors/ licensed surveyors is not discharging its duties and functions in a fair, efficient and diligent manner, it may make a written representation to the BUYER and seek termination of appointment of such independent auditors/ licensed surveyors. Upon receipt of such representation, the BUYER shall hold a meeting with the SELLER and the independent auditors/ licensed surveyors for an amicable resolution of the dispute, and if any difference or disagreement between the BUYER and the SELLER remains unresolved, the dispute shall be settled as per the dispute resolution procedure.

12.5 **Loss:** If any loss or damage occurs to the equipment (or any part thereof) prior to the date of delivery or date of acceptance or date of installation or date of commissioning (as applicable on a case to case basis), the SELLER shall rectify such loss or damage to the equipment at its own cost in a manner that the equipment complies with requirements of this Contract.

**ARTICLE 13**

**TRANSPORTATION**

13.1 The stores shall be delivered as DDP………………… (as per INCOTERMS 2020 or latest version).

13.2 The date of issue of the Certified Receipt Voucher (CRV) shall be considered as the date of delivery.

13.4 Part shipment of goods is permitted.

**ARTICLE 14**
AIRLIFT

14.1 Should the BUYER intend to airlift all or some of the stores the SELLER shall pack the stores accordingly on receipt of intimation to that effect from the BUYER. Such deliveries will be agreed upon well in advance and paid for as may be mutually agreed.

ARTICLE 15
LIQUIDATED DAMAGES

15.1 In the event of the SELLER’s failure to submit the Bonds, Guarantees and Documents, supply the stores/ goods, perform services, conduct trials, installation of equipment, training and MET as per schedule specified in this Contract, the BUYER may, at his discretion withhold any payment until the completion of the Contract. The BUYER may also deduct from the SELLER as agreed, liquidated damages to the sum of 1/100 of the delay percentage \{Delay percentage = (Period of Delay in Delivery in Weeks) x 100 / (Delivery Period in weeks as per Contract)\} of the Contract Price of the delayed/ undelivered stores/ services mentioned above for every week of delay or part of a week, subject to the maximum value of the Liquidated Damages being not higher than 10\% of the Contract price of the value of delayed stores/ services (Any extension given by the BUYER for delay attributable to BUYER or Force Majeure Clause to be factored in delivery period).

15.2 In case the delay in delivery is attributed to the non-receipt of BFE as per mutually agreed schedule, the delivery period shall be extended accordingly without imposition of Liquidated Damages.

15.3 LD for AMC/CMC/PBL [where applicable, to be as per RFP].

ARTICLE 16
DENIAL CLAUSE

16.1 In case the delay in delivery is attributable to the SELLER or a non-force majeure event, the BUYER may protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. Any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause (PVC) and/or any adverse fluctuation in foreign exchange are to be borne by the SELLER during the extended delivery period, while the BUYER reserves his right to get any benefit of a downward revisions in statutory duties, PVC and foreign exchange rate. Thus, PVC, other variations and foreign exchange clauses operate only during the original delivery period.

ARTICLE 17
JOINT RECEIPT INSPECTION (JRI) IN INDIA

17.1 The Parties agree that the Joint Receipt Inspection (JRI) of delivered goods shall be undertaken on arrival in India at location to be nominated by BUYER. JRI shall be completed within 120 ____ days (for armament/ammunition)/ 30____ days (for other than armament/ammunition) of arrival of goods at Port Consignee. JRI will consist of:-
(a) Quantitative checking to verify that the quantities of the delivered goods correspond to the quantities defined in this Contract and the invoices.

(b) Check Proof and firing shall be carried out for armament and ammunition, as per procedure and tests laid down by Indian DGQA/DGAQA/DGNAI (if applicable).

17.2 JRI will be carried out by the BUYER’s representative. The BUYER will invite the SELLER with a minimum fifteen (15) days prior notice to attend the JRI for the delivered goods. The SELLER reserves the right not to attend the JRI. The bio data of the SELLER’s representative will be communicated fifteen (15) days prior to the dispatch of goods to the BUYER for obtaining the necessary security clearance in accordance with the rules applicable in the BUYER’s country.

17.3 Upon completion of each JRI, JRI proceedings and Acceptance Certificate (Certificate of Conformity) as per Annexure VI. will be signed by both Parties. In case the SELLER’s representative is not present then the JRI proceedings and Acceptance Certificate shall be signed by the BUYER’s representative only and the same shall be binding on the SELLER. Copy of JRI proceedings and Acceptance Certificate shall be dispatched to SELLER within 30 days of completion of JRI. In case of deficiencies in quantity and quality or defects, details of these shall be recorded in the JRI proceedings, Acceptance Certificate shall not be issued and claims raised as per Article on Claims in this Contract. In case of claims, Acceptance Certificate shall be issued by BUYER’s representative after all claims raised during JRI are settled.

17.4 If the BUYER does not perform the JRI as per procedures mentioned above for reasons exclusively attributable to him, then the JRI in India shall be deemed performed and the equipment fully accepted.

17.5 In case, JRI necessitates unpacking to the extent that the preserved life of the goods is affected, SELLER is to undertake re-packing to restore the preserved life to the specified period at his own cost.

ARTICLE 18
WARRANTY CLAUSE

(To be amended as per requirement and no blanks to be left)

18.1. The SELLER warrants that the goods/services supplied under this Contract conform to technical specifications prescribed and shall perform according to the said Technical Specifications.

18.2. The SELLER warrants for a period of ____ months/years/operational hours from the date of acceptance of stores by Joint Receipt Inspection or date of installation and commissioning whichever is later/earlier (as applicable on case to case basis), that the goods/stores supplied under this Contract and each component used in the manufacture thereof shall be free from all types of defects/failures (including latent and patent defects).
18.3 If within the period of warranty, the goods/services are reported by the BUYER to have failed, to perform as per the specifications, the SELLER shall either replace or rectify the same free of charge, maximum within ___ days of notification of such defect by the BUYER provided that the goods are used and maintained by the BUYER as per instructions contained in the Operating Manual. Warranty of the equipment would be extended by such duration of downtime. Record of the down time would be maintained by user in log book. Spares and all consumables required for warranty repairs shall be provided free of cost by SELLER. The SELLER also warrants that the special oils and lubricants required for the warranty repair of the equipment shall be provided by the SELLER himself. All activities including diagnosis, rectification, calibration, transportation etc, required for making equipment serviceable and available would be the SELLER's responsibility. The SELLER also undertakes to diagnose, test, adjust, calibrate and repair/replace the goods/equipment arising due to accidents by neglect or misuse by the operator or damage due to transportation of the goods during the warranty period, at the cost mutually agreed to between the BUYER and the SELLER. The SELLER shall intimate the assignable cause of the failures.

18.4 SELLER hereby warrants that necessary service and repair back up during the warranty period, including routine maintenance beyond Unit Level (delete if CAMC/AMC is not part of the Contract), shall be provided by the SELLER and he will ensure that the cumulative downtime period for the equipment does not exceed ______ of the warranty period.

18.5 If a particular equipment/goods fails frequently and/or, the cumulative down time exceeds _____% of the warranty period or a common defect is noticed in more than ____% of the quantity of goods with respect to a particular item/component/sub-component, that complete item/equipment shall be replaced free of cost by the SELLER within a stipulated period of ______ days of receipt of the notification from the BUYER duly modified/upgraded through design improvement in all equipment supplied/yet to be supplied and ESP supplied and yet to be supplied.

18.6 SELLER shall associate technical personnel of maintenance agency and QA of BUYER during warranty repair and shall provide complete details of defect, reasons and remedial actions for averting recurrence of such defects.

18.7 In case the complete delivery of the Engineering Support Package is delayed beyond the period stipulated in this Contract, then the SELLER undertakes that the warranty period for the goods/stores shall be extended to that extent.

18.8 The SELLER warrants that the goods supplied will conform to the Temperature and Humidity conditions as mentioned at Appendix A to RFP.

Note: Wherever applicable the clause related to MTBF related warranties may be added as part of this Appendix

ARTICLE 19

INDIGENOUS CONTENT (IC)
19.1 The SELLER commits to ensure minimum _____% Indigenous Content (IC) on cost basis of the Total Contract Price, excluding taxes and duties in case of Buy (Indian-IDDM), Buy (Indian) cases, Buy (Global-Manufacture in India), Buy (Global) (for Indian Sellers) or a minimum _____ % of IC on cost basis of the Make portion of the Contract in case of Buy & Make (Indian) & Buy & Make cases (as applicable). SELLER to adhere to the indigenisation plan as appended to this Contract and specified in the DPR (where applicable). The SELLER also commits to comply with all provisions of Appendix*__ to this Contract document, in this regard. (*Appendix B to Chapter I of DPP 20)

**ARTICLE 20
CLAIMS**

20.1 The claims may be presented either:

(a) **On Quantity of the stores.** In case it does not correspond to the quantity shown in the Packing List/Insufficiency in packing or,

(b) **On Quality of the stores.** In case it does not correspond to the quality mentioned in this Contract.

20.2 The quantity claims for deficiency of quantity shall be presented within 45 days of completion of JRI and acceptance of goods. The quantity claim shall be submitted to SELLER in the form at Annexure-VII to this Contract.

20.3 The quality claims for defects or deficiencies in quality noticed during the JRI shall be presented within 45 days of completion of JRI and acceptance of goods. Quality claims shall be presented for defects or deficiencies in quality noticed during warranty period at the earliest but not later than 45 days after expiry of the warranty period. The quality claims shall be submitted to SELLER in the form at Annexure-VIII to this Contract.

20.4 The description and quantity of the stores are to be furnished to the SELLER along with concrete reasons for making the claims. Copies of all the justifying documents shall be enclosed to the presented claim. The SELLER will settle the claims within 45 days from the date of the receipt of the claim at the SELLER’s office, subject to acceptance of the claim by the SELLER. In case no response is received during this period the claim will be deemed to have been accepted.

20.5 The SELLER shall collect the defective or rejected goods from the location nominated by the BUYER and deliver the repaired or replaced goods at the same location under SELLER’s arrangement.

20.6 Claims may also be settled by deduction of cost of deliverables under claim from Bank Guarantees submitted by the SELLER or payment of claim amount by SELLER through demand draft drawn on Indian Bank, in favour of PCDA HQ, New Delhi, payable at New Delhi.
20.7 The quality claims will be solely raised by the BUYER and without any certification/countersigning by SELLER’s representative stationed in India.

**ARTICLE 21**
**TAXES AND DUTIES**

21.1 All taxes, duties, levies and charges which are to be paid for the deliverables, including advance samples, shall be paid by the parties under the present Contract. All Indirect Taxes and Duties will be paid at actuals or as quoted by the SELLER, whichever is lower. In case of any change in the tax structure/rates by BUYER’s Government, only incremental change will be paid. The same will not require any Contract amendment.

**ARTICLE 22A**
**TERMINATION**

[Applicable for all cases other than Shipbuilding. For non-turnkey acquisition cases against Chapter II, where milestone payments are not usually applicable, only Clause 22A.1 is applicable. For Turn-key cases and other acquisition cases where milestone payments are involved, inclusion of Clauses 22A.2 to 22A.5 may be considered as necessary]

22A.1 **Termination for Default in Delivery or Meeting Milestones by the SELLER:** The BUYER shall have the right to terminate this Contract in part or in full in any of the following cases:

(a) The delivery of the complete material/services is delayed for causes not attributable to Force Majeure for more than ___% (___ percent) as related to the delivery period/ date of the relevant Lot/ Batch as per Contract* or for a period greater than 50% of the scheduled delivery period for the overall Contract, whichever is earlier. In which case, the BUYER reserves the right to invoke the PWBG(s) and Advance Payment Bank Guarantees.

(b) The achievement of a Contractual milestone, as specified at Article 6 of the Contract is delayed for causes not attributable to Force Majeure for more than ___% (___ percent), related to the relevant period for scheduled completion of the milestone as per Contract or scheduled completion of the subsequent milestone, whichever is later**. In which case, the BUYER reserves the right to invoke the PWBG(s)s and APBG(s).

(c) The SELLER is declared bankrupt or becomes insolvent. In which case, the BUYER reserves the right to invoke the PWBG(s) and APBG(s).

(d) The delivery of material/services is delayed due to causes for Force Majeure by more than [•] months.

(e) The BUYER has noticed that the SELLER has utilised the services of any person, party, firm or institution engaged as Agent, in getting this Contract wherein
any payment is made or penalty is levied, directly or indirectly, on success or failure of the award of Contract including any such payment made or penalty levied to his Agents already intimated to MoD. In which case, the BUYER reserves the right to invoke the PWBG(s), IPBG and APBG(s).

(f) As per decision of Arbitration Tribunal (Article 24).

{Notes:
*The batch/lot may be designated by the BUYER and percentage may be worked out by BUYER and set out in the Contract as the period of delay which would cause the amount of Liquidated Damages to reach the maximum as specified in Article 15 (Liquidated Damages), multiplied by a factor of 1.5.

** The percentage, limited to 100, may be worked out by BUYER and set out in the Contract for certain designated milestones/non-deliverables.)

22A.2 In case of termination of the Contract due to reasons furnished at sub-clause (a) to (e) above, the BUYER at his/her sole discretion shall be entitled to take over the partially built material along with all the design, construction drawings, documents and all other material and equipment procured for the purpose of the project, by paying fair and reasonable value of the material/equipment. The methodology for accounting and physical handover of materials/equipment shall be done at the book value certified by an independent auditor(s)/licensed surveyors, as determined by the BUYER from authorised firms or body corporate, set forth in Appendix [*] of this Contract. If the SELLER has reason to believe that the independent auditors/licensed surveyors is not discharging its duties and functions in a fair, efficient and diligent manner, it may make a written representation to the BUYER and seek termination of appointment of such independent auditors/licensed surveyors. Upon receipt of such representation, the BUYER shall hold a meeting with the SELLER and the independent auditors/licensed surveyors for an amicable resolution of the dispute, and if any difference or disagreement between the BUYER and the SELLER remains unresolved, the dispute shall be settled as per the dispute resolution procedure. The SELLER shall be liable to provide the abovementioned, without any conditions, within a period of [*] days, unless otherwise agreed between the Parties.

22A.3 The material procured by the SELLER for the project needs to be maintained/preserved/protected in accordance with the guidelines of the OEM or good industry practice (as the case may be) for the respective material or as per general engineering practices so as to preclude premature degradation in material state and/or depreciation of value till the date of handing over to the BUYER or his representatives.

22A.4 If the SELLER fails to hand over the above material and information as per good industry practice, in accordance with Clause 22A.3 above, the BUYER or its representative shall have the right to subject the SELLER to debarment and/or action as per Applicable Law, at its discretion.

22A.5 Risk Purchase. Notwithstanding anything contrary contained in clause 22A.4 above, the BUYER reserves the right to procure requisite material from alternative sources at the SELLER's risk, responsibility and cost. The SELLER agrees that all costs incurred by the BUYER in the procurement of the material from alternative source for fulfilment of the SELLER's obligations under the Contract shall be recovered from the SELLER.
22A.6 **Termination in Public Interest:**

(a) The BUYER shall have the right to Terminate the Contract in whole or in part at any time by giving the SELLER a written notice, [*] days prior to such Termination. Upon expiry of the notice period, the Contract or relevant part thereof, shall be terminated without prejudice to the rights of the Parties. Where only part of the Contract is being terminated, the Parties shall have no further obligations in respect thereof unless expressly provided in the Contract, but shall continue to fulfil their respective obligations on all other parts of the Contract not being Terminated.

(b) The BUYER shall take over from the SELLER, at the book value certified by auditors/ licensed surveyors at fair and reasonable price, all unused and undamaged materials in the course of manufacture that are in the possession of the SELLER or supplied to the SELLER, at the date of termination; or compensate the SELLER by the equal amount duly adjusted by the recoverable value of the material as certified by auditors/ licensed surveyors or as determined by the BUYER.

(c) If the SELLER has reason to believe that the independent auditors/ licensed surveyors is not discharging its duties and functions in a fair, efficient and diligent manner, it may make a written representation to the BUYER and seek termination of appointment of such independent auditors/ licensed surveyors. Upon receipt of such representation, the BUYER shall hold a meeting with the SELLER and the independent auditors/ licensed surveyors for an amicable resolution of the dispute, and if any difference or disagreement between the BUYER and the SELLER remains unresolved, the dispute shall be settled as per the dispute resolution procedure. The SELLER shall be liable to provide the abovementioned, without any conditions, within a period of [*] days, unless otherwise agreed between the Parties.

(d) The BUYER’s total liability under the provisions of this Contract shall be limited to the subsequent stage payment due for the equipment payable under the Contract (or relevant part), including any sums due or becoming due to the SELLER at the date of Termination.

**ARTICLE 22B**

**TERMINATION**

[Applicable for Shipbuilding Contracts only]

22B.1 **Termination for Default in Delivery or Meeting Milestones by the SELLER:** The BUYER shall have the right to terminate this Contract in part or in full in any of the following cases:

(a) The delivery of the complete material/services is delayed for causes not attributable to Force Majeure for more than ___ % (___ percent), related to the relevant delivery period as per Contract* or for a period greater than 50% of the scheduled delivery period for the overall Contract, whichever is earlier. In which case, the BUYER reserves the right to invoke the PWBG(s) and Advance Payment Bank Guarantees.

(b) The achievement of a Contractual milestone, as specified at Article 6 of the Contract is delayed for causes not attributable to Force Majeure for more than ___ %
(___ percent) as related to the relevant period for scheduled completion of the milestone as per Contract or scheduled completion of the subsequent milestone, whichever is later**. In which case, the BUYER reserves the right to invoke the PWBG(s) and APBG(s).

(c) The SELLER is declared bankrupt or becomes insolvent. In which case, the BUYER reserves the right to invoke the PWBG(s) and APBG(s).

(d) The delivery of material/services is delayed due to causes for Force Majeure by more than(•) months).

(e) The BUYER has noticed that the SELLER has utilised the services of any person, party, firm or institution engaged as Agent, in getting this Contract wherein any payment is made or penalty is levied, directly or indirectly, on success or failure of the award of Contract including any such payment made or penalty levied to his Agents already intimated to MoD. In which case, the BUYER reserves the right to invoke the PWBG(s), IPBG and APBG(s).

(f) As per decision of Arbitration Tribunal (Article 24).

{Notes:
*The batch/lot may be designated by the BUYER and percentage may be worked out by BUYER and set out in the Contract as the period of delay which would cause the amount of Liquidated Damages to reach the maximum as specified in Article 15 (Liquidated Damages), multiplied by a factor of 1.5.

** The percentage, limited to 100, may be worked out by BUYER and set out in the Contract for certain designated milestones/non-deliverables.}

22B.2 Termination in Public Interest:

(a) The BUYER shall have the right to Terminate the Contract in whole or in part at any time by giving the SELLER a written notice, [•] days prior to such Termination. Upon expiry of the notice period, the Contract or relevant part thereof, shall be terminated without prejudice to the rights of the Parties. Where only part of the Contract is being terminated, the Parties shall have no further obligations in respect thereof unless expressly provided in the Contract, but shall continue to fulfil their respective obligations on all other parts of the Contract not being Terminated.

(b) The BUYER shall take over from the SELLER, at the book value certified by auditors/ licensed surveyors at fair and reasonable price, all unused and undamaged materials in the course of manufacture that are in the possession of the SELLER or supplied to the SELLER, at the date of termination; or compensate the SELLER by the equal amount duly adjusted by the recoverable value of the material as certified by auditors/ licensed surveyors or as determined by the BUYER.

(c) If the SELLER has reason to believe that the independent auditors/ licensed surveyors is not discharging its duties and functions in a fair, efficient and diligent manner, it may make a written representation to the BUYER and seek termination of appointment of such independent auditors/ licensed surveyors. Upon receipt of such representation, the BUYER shall hold a meeting with the SELLER and the
independent auditors/ licensed surveyors for an amicable resolution of the dispute, and if any difference or disagreement between the BUYER and the SELLER remains unresolved, the dispute shall be settled as per the dispute resolution procedure. The SELLER shall be liable to provide the abovementioned, without any conditions, within a period of [•] days, unless otherwise agreed between the Parties.

(d) The BUYER’s total liability under the provisions of this Contract shall be limited to the subsequent stage payment due for the equipment payable under the Contract (or relevant part), including any sums due or becoming due to the SELLER at the date of Termination.

**ARTICLE 23**

**LAW**

23.1 The present Contract shall be considered and made in accordance to the laws of Republic of India. This Contract shall be governed by and interpreted in accordance with the laws of the Republic of India.

**ARTICLE 24A**

**ARBITRATION**

(For Foreign Sellers)

24A.1 All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.

24A.2 Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.

24A.3 Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

24A.4 The third arbitrator, who shall not be a citizen or domicile of the country of either of the parties or of any other country unacceptable to any of the parties shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provisions of Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute resolution institutions like Indian Council of Arbitration and ICADR. In case, nomination of third arbitrator under Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute resolution institutions like ICA and ICADR are not acceptable to the SELLER, then the third arbitrator may be nominated by the President of International Chamber of Commerce, Paris, but the said nomination would be after consultation with both the parties and shall preclude any citizen with domicile of any country as mentioned
above. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.

24A.5 The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

24A.6 The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

24A.7 The decision of the majority of the arbitrator shall be final and binding on the parties to this Contract.

24A.8 Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

24A.9 In the event of a vacancy caused in the office of the arbitrators, the party which nominated such arbitrator, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

24A.10 In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request the President of International Chamber of Commerce, Paris or dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

24A.11 If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

24A.12 The parties shall continue to perform their respective obligations under this Contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

**ARTICLE 24B**

**ARBITRATION**

(For Indian Private Sellers)

24B.1 All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.

24B.2 Any dispute, disagreement of question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed
upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.

24B.3 Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

24B.4 The third arbitrator, shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provision of Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute resolution institutions like Indian Council of Arbitration or ICADR at the request of either party, but the said nomination would be after consultation with both the parties. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.

24B.5 The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

24B.6 The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time)\(^\text{18}\) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

24B.7 The decision of the majority of the arbitrators shall be final and binding on the parties to this Contract.

24B.8 Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

24B.9 In the event of a vacancy caused in the office of the arbitrators, the party which nominated such arbitrator, shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.

24B.10 In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

24B.11 If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

24B.12 The parties shall continue to perform their respective obligations under this Contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

**ARTICLE 24C**
ARBITRATION
(For Central & State PSEs)

24C.1 In the event of any dispute or difference relating to the interpretation and application of the provisions of the Contracts, such dispute or difference shall be referred by either party for Arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India in-charge of the Department of Public Enterprises. The Arbitration and Conciliation Act, 1996 (as amended from time to time) shall not be applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference the dispute shall be decided by the Law Secretary or the Special Secretary/Additional Secretary, when so authorised by the Law Secretary, whose decision shall bind the Parties finally and conclusively. The Parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

ARTICLE 24D
ARBITRATION
(For Defence PSUs)

24D.1 In the event of any dispute or difference relating to the interpretation and application of the provisions of the Contracts, such dispute or difference shall be referred by either party to the Arbitrator appointed by the Defence Secretary. The award of the Arbitrator shall be binding upon the parties to the dispute.

ARTICLE 25
PENALTY FOR USE OF UNDUE INFLUENCE

25.1 The SELLER undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees, brokerage or inducement to any person in service of the BUYER or otherwise in procuring the Contracts or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with the Government. Any breach of the aforesaid undertaking by the SELLER or any one employed by him or acting on his behalf (whether with or without the knowledge of the SELLER) or the commission of any offers by the SELLER or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1988 or any other Act enacted for the prevention of corruption shall entitle the BUYER to cancel the Contract and all or any other Contracts with the SELLER and recover from the SELLER the amount of any loss arising from such cancellation. A decision of the BUYER or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the SELLER.

25.2 Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the SELLER towards any officer/employee of the BUYER or to any other person in
a position to influence any officer/employee of the BUYER for showing any favor in
relation to this or any other Contract, shall render the SELLER to such liability/penalty as
the BUYER may deem proper, including but not limited to termination of the Contract,
imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts
paid by the BUYER.

ARTICLE 26
AGENTS

26.1 The SELLER confirms and declares to the BUYER that the SELLER is the original
manufacturer of the stores referred to in this Contract. The SELLER confirms that he has not
engaged any person, party, firm or institution as a Agent, including his Agents already
intimated to MoD; to influence, manipulate or in any way to recommend to any functionaries
of the Govt of India whether officially or unofficially, to the award of the Contract to the
SELLER, or to indulge in corrupt and unethical practices. The SELLER has neither paid,
promised nor has the intention to pay to any person, party, firm or institution in respect of any
such intervention or manipulation. The SELLER agrees that if it is established at any time to
the satisfaction of the BUYER that the present declaration is in any way incorrect or if at a
later stage it is discovered by the BUYER that SELLER has engaged any such person, party,
firm or institution and paid, promised or has intention to pay any amount, gift, reward, fees,
commission or consideration or consideration to such person, party, firm or institution,
whether before or after the signing of this Contract, the SELLER will be liable for any or all
of the following actions:-

(a) To pay to the BUYER any such amount paid as gift, reward, fees, commission
or consideration along with interest at the rate of 2% per annum above LIBOR rate.

(b) The BUYER will also have a right to put on hold or cancel the Contract either
wholly or in part, without any entitlement or compensation to the SELLER who shall
in such event be liable to refund all payments made by the BUYER in terms of the
Contract along with interest at the rate of 2% per annum above LIBOR rate.

(c) The BUYER will also have the right to recover any such amount referred in
(a) and (b) above from other Contracts of the SELLER with the Government of India.

(d) At the discretion of the BUYER, the SELLER shall be liable for action as per
extant policy on Putting on Hold, Suspension and Debarment of Entities.

ARTICLE 27
FORCE MAJEURE

27.1 Should any Force Majeure circumstances arise, each of the Contracting party shall be
excused for the non-fulfillment or for the delayed fulfillment of any of its Contractual
obligations, if the affected party within (___) days of its occurrence informs in a written form
the other party.

27.2 Force Majeure shall mean fires, floods, natural disasters or other acts, that are
unanticipated or unforeseeable and not brought about at the instance of, the party claiming to
be affected by such event, or which, if anticipated or foreseeable, could not be avoided or
provided for and which has caused the non-performance or delay in performance, such as war, turmoil, strikes, sabotage, explosions, beyond the control of either party.

27.3 A party claiming Force Majeure shall exercise reasonable diligence to seek to overcome the Force Majeure event and to mitigate the effects thereof on the performance of its obligations under this Contract.

27.4 Provided the acts of The Government or any state parties of the SELLER which may affect the discharge of the SELLER’s obligation under the Contract shall not be treated as Force Majeure.

ARTICLE 28
NON DISCLOSURE OF CONTRACT DOCUMENTS

28.1 Except with the written consent of the BUYER/SELLER, other party shall not disclose the Contract or any provision, specification, plan, design, pattern, or information with proprietary markings thereof to any third party, unless required by either Government of the Parties or by the SELLER’s Suppliers solely for the purpose of performing the obligations under the Contract.

ARTICLE 29
NOTICES

29.1 Any notice required or permitted by this Contract shall be written in English language and may be delivered personally or may be sent by FAX, E-Mail, Registered Post, Speed Post or registered pre paid airmail, addressed to the last known address of the party to whom it is sent.

ARTICLE 30
TRANSFER AND SUB-LETTING

30.1 The SELLER has no right to give, bargain, sell, assign or sublet or otherwise dispose of the Contract or any part thereof, as well as to give or to let a third party take benefit or advantage of the present Contract or any part thereof except, with the prior consent of the BUYER, in case of merger, amalgamation, consolidation, acquisition, change in control or similar transaction. For granting such consent, BUYER may require SELLER to enter into a Novation Agreement.

ARTICLE 31
PATENTS AND OTHER INDUSTRIAL PROPERTY RIGHTS

31.1 The prices stated in the present Contract shall be deemed to include all amounts payable for the use of patents, copyrights, registered charges, trademarks and payments for any other industrial property rights.

31.2 SELLER shall indemnify the BUYER against all claims from a third party at any time
on account of the infringement of any or all the rights mentioned in the previous paragraphs, whether such claims arise in respect of manufacture or use. **The SELLER shall have the sole responsibility to defend/settle such claim(s).** The SELLER shall be responsible for the completion of the supplies including spares, SMTs/STEs, technical literature and training aggregates irrespective of the fact of infringement of the supplies, irrespective of the fact of infringement of any or all the rights mentioned above.

**ARTICLE 31A**

**BUYER’S RIGHT TO OPTIMISE LIFE CYCLE SUPPORT COSTS AND SYSTEM ENHANCEMENTS THROUGH INDIGENOUS ECOSYSTEM**

(This clause is not applicable for fully funded Contracts for the design and development either directly or through DRDO or for the relevant part if design and development of any part of the Contract deliverables is fully funded)

31A.1 **SELLER’s IPRs.** BUYER acknowledges the Intellectual Property Rights of the SELLER associated with the Articles being supplied against this Contract and seeks to remunerate the SELLER the price as per provisions of this Contract for the supply of the Articles and IPR component associated, for owning the Article and its unlimited use and/or exploitation, as the case may be, through its life cycle and beyond. The BUYER takes note that the SELLER is liable to receive any further remuneration only if the SELLER’s services towards its maintenance/ upkeep/ upgrade etc are utilised by the BUYER.

31A.2 **BUYER’s Right.** The BUYER acknowledges that it shall be free to explore other prevailing designs, development and manufacturing ecosystem prevailing within India to design and manufacture equipment/ systems for platforms and assemblies/ sub-assemblies for equipment/ systems. The BUYER shall have the right to improve the performance of the platform/equipment/system by using alternative equipment/ systems/ weapons/ sensors/ assemblies from other Indian/ global sources. In order to utilise alternate resources for improving the performance/ utility/ supportability and optimising the obsolescence management/ life cycle costs of platforms/ equipment/ systems in service, the BUYER reserves the right to, subject to the provisions of this Condition and to the rights of third parties, undertake any or combination of the following:-

(a) Replace Equipment/ Systems/ Weapons/ Sensors/ assemblies with suitable substitutes either sourced from other global and/ or indigenous sources or have it exclusively and independently developed and interfaced with the Articles without infringing the SELLER’s/Third Party’s IPRs. Towards this, the BUYER may resort to any of the following to enable seamless interface/ integration:-

(i) Provide interface/ fitment details as physically drawn from the Article by their own efforts, without sharing the SELLERs documents with any third party.

(ii) Define the relevant interface protocols and requirements to the SELLER or seek modular design features in the Articles for ease of replacement on mutually agreeable terms between the BUYER and the SELLER.
(iii) To seek SELLER’s assistance for interfacing by paying a mutually agreeable and reasonable price. For the purpose of assessing the reasonability of the prices, the price may be compared with similar works charged by the SELLER and/or other Contractors of equal standing. Any effort by the SELLER to seek exploitative pricing for such services may be deemed as unfair and monopolistic business practices and the BUYER may seek suitable remedy as deemed appropriate including legal remedy under Competition Act of India 2002.

(iv) If replacement as at Para 31A.2(a) above requires any validation/certification by the SELLER, the SELLER may provide the same against payment of fair and reasonable price as mutually agreed. The BUYER may expect such service as a matter of goodwill from the SELLER and expects that such service will not be denied unless for reasons of technical infeasibility. In any case, denial of such service from the SELLER or the BUYER’s own choice may entail the BUYER to make alternative arrangements for such validation/certification at his own risk.

(b) Encourage the SELLER/third party and the Indian industries to collaborate and manufacture such items under license either by mutual arrangement between them or through Inter Governmental Agreement, as maybe required.

(c) To design, develop and produce general purpose trainers, simulators and associated equipment with respect to Articles;

(d) To carryout modifications to suit the BUYERs specific requirements and improvements sought from time to time. In addition to the above, the SELLER hereby agrees to provide to the BUYER, the right to undertake improvements and upgrades in relation to the Article or any parts thereof, for no additional fee. The SELLER agrees that the BUYER, upon undertaking such improvements and upgrades will become and shall continue to remain the owner of such improved and upgraded Article and any intellectual property rights generated in respect of such improvements and upgrades shall unconditionally vest in the BUYER. The BUYER at its sole discretion shall register any such improvements and upgrades in relation to design, process or new Article under the provisions of Applicable Laws.

(e) The BUYER shall ensure that information released to any third party under sub-clause 31A.2(d) is limited to the task for which the third party is engaged. The BUYER shall ensure that all disclosures to any third party shall be under express conditions of confidentiality between the BUYER and the third party.

(f) To pursue such actions including the above and also to manufacture requisite spares by ab-initio design or reengineering for safe and unhindered use of Articles (including platform/equipment/systems), if the SELLER and/or third parties fail to support the Articles or part thereof in a reasonable timeframe and price due to dynamics of obsolescence/insolvency/winding up operations/suspension of production line/corporate acquisitions etc and other reasons solely attributable to the them.

**Conditions of Use**
The rights set out at Para 31A.2 of this clause may be exercised by the BUYER (including its constituent departments) under the following conditions:

(a) The SELLER may forfeit the warranty on the Articles or part thereof if the above right is exercised during the warranty.

(b) Where the Articles or any part thereof is not covered under maintenance by the SELLER. If the BUYER exercises any of the above options on an Article under maintenance by the SELLER, the SELLER shall have the right to exclude their maintenance liability on that part of the Article or cover it under mutual agreement.

(c) The SELLER’s assurance on the designed life of the Articles shall continue to cover the part unaffected by such modifications/improvements/upgrades. The SELLER shall continue to provide the product updates/ bulletins as applicable. Such updates/ bulletins need not take into consideration the modifications/improvements/upgrades carried out by the BUYER unless the work on interfacing/ validating/ certification is assigned to the SELLER by the BUYER or his representatives/ agents in sub-clause 31A.2 (a) (iii) and (iv) and if such items are manufactured under licence by the SELLER under sub-clause 31A.2 (b).

(d) The right shall not dilute the SELLER’s liability for providing product life support for the period laid down at Clause [].

ARTICLE 32
AMENDMENTS

32.1 No provision of this Contract shall be changed or modified in any way (including this provision) either in whole or in part except by an instrument in writing made after the date of this Contract and signed on behalf of both parties and which expressly states to amend this Contract.

ARTICLE 33
PRODUCT SUPPORT
(to be prepared as per RFP requirement for ESP/AMC/CMC/PBL)

33.1 The SELLER agrees to provide Product Support for the stores, assemblies/subassemblies, fitment items and consumables, SMTs/STEs subContracted from other agencies/manufacturer by the SELLER for a minimum period of (___years) including (___years) of warranty period after the delivery of (name of equipment). Even after the said mandatory period, the SELLER would be bound to give at least two years notice to the Government of India prior to closing the production line so as to enable a Life Time Buy of all spares before closure of the said production line. The SELLER agrees to undertake PRODUCT SUPPORT CONTRACT for a minimum period of (___months), extendable till the complete Engineering Support Package is provided by the SELLER, at a time, at terms and conditions mutually agreed between the SELLER and the BUYER. This, however, shall not restrict the BUYER from directly sourcing sub-equipment/sub-assembly and spares from their respective OEMs/sub-vendors on completion of warranty. In case the sub-equipment/sub-assembly/parts require tuning/calibration/integration by the SELLER prior replacement, the same is to be undertaken by the SELLER at reasonable cost.
33.2 In the event of any obsolescence during the above mentioned period of product support in respect of any component or sub-system, mutual consultation between the SELLER and BUYER/Indian manufacturer will be undertaken to arrive at an acceptable solution including additional cost, if any.

33.3 Any improvement/modification/up gradation being undertaken by (M/s name of company) on (name of equipment) or their sub suppliers will be communicated by the SELLER to the BUYER and, if required by the BUYER, these will be carried out by the SELLER at BUYER's cost.

33.4 The SELLER agrees to provide an Engineering Support Package as specified in Article 37 as modified after confirmatory MET at no extra cost. The SELLER agrees to undertake the repair and maintenance of the equipment, SMTs/STE's test set up, assemblies/sub assemblies and stores supplied under this Contract as product support Contract specified at para 33.1 above or provision of complete ESP to the BUYER viz EME whichever is later, as per terms and conditions mutually agreed between the SELLER and the BUYER.

(Note: The underlined language should be deleted in cases where it is not applicable.)

ARTICLE 33A
LIFE CYCLE SUPPORT CONTRACT
(To be included, if applicable, and as specified in RFP)

33A.1. A life cycle support contract (LCSC) would be signed along with the main acquisition contract for all equipment. Life-cycle support for all types of equipment through its service life would be provided by the Seller through a LCSC, which inter-alia would include supply chain to ensure platform supportability and availability in accordance with specifications, supply of spares, special tools, repair of defective equipment / modules / LRUs, services of specialists, creation of maintenance eco-system, obsolescence management, etc.

33A.2 The Seller will provide life-cycle support through a Life Cycle Support Contract (LCSC) as per the agreed terms to provide product support for __ years for supply of spares, repairs and Man-day rates of Specialists. The Seller would have to finalise the terms for the life time product support and the LCSC along with the current contract only. LCSC, will also include active obsolescence management, wherein even after the mandatory period, the Seller would be bound to give at least two years notice to the Government of India prior to closing the production line to enable a Life Time Buy of all spares. Under the LCSC, Spares and Repair support would be provided by the Seller through the following Rate contracts which would be signed with the main contract:-

(a) **Itemised Spare Parts Price Lists (ISPPL)**. ISPPL for all Spares or Line Replaceable Units (LRUs) of the equipment along with their Base price, annual escalation, delivery period and the MTBF (where applicable) be provided, at the time of submission of offer. The ISPPL shall also include details of the source, especially for items which are COTS, bought-out, proprietary, etc. ISPPL shall also indicate interoperability of spares across projects, in case spares/equipment is already inducted in the Indian Armed Forces. The Seller would submit a comprehensive Itemised Spare
Parts Price Lists (ISPPL) comprising the following:

(i) Complete Part Identification List (PIL) for all Spares or Line Replaceable Units (LRUs), along with corresponding unique part numbers. The list is not to be limited to MRLS (Depot spares) or On-board Spares (spares along with the system) and should comprise entire list of spares of the equipment.

(ii) Base Price list of each of the spares along with annual escalation at time of submission of the offer.

(iii) Delivery Period of each spare after receipt of Order.

(iv) Mean Time Between Failure (MTBF), where applicable.

(v) Terms and conditions for supply of spares.

**Table - Illustrative Format for Submitting Details of Spares**

<table>
<thead>
<tr>
<th>Ser No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Qty/MoQ (where applicable)</th>
<th>Unit Price List (along with annual escalation)</th>
<th>Delivery Period</th>
<th>If Recommended, as MRLS</th>
</tr>
</thead>
</table>

*Note:* The following details be included in the spare parts submission offer:

(i) Sourcing of spares wrt COTS and Proprietary.

(ii) Interoperability of spares across projects, in case the part/system/sub-system, etc. is already inducted in some other equipment currently in service with the Indian Armed Forces, or has been contracted for supply to the Indian Armed Forces.

(b) **Repairable Items Price Lists (RIPL).** RIPL would comprise of all repairable sub systems/ blocks and units. Wherever applicable, source of components required for repairs of units should also be specified. RIPL will also indicate reparability of these in India. The Seller should submit the RIPL comprising the following:

(i) Complete catalogue of repairable spares (at LRU level), along with their Part numbers. Source of components required for repairs of units should also be specified, wherever applicable.

(ii) Base Price list for repairs clearly indicating repairs that can be undertaken in India and at OEM premises. RIPL will comprise of all repairable sub systems/ blocks and units.

(iii) Terms and conditions for undertaking repairs be specified.
(i) Delivery Period after receipt of order must be mentioned.

(ii) For imported equipment, the impetus is to undertake repairs in India. Repair list in such cases should clearly segregate the list of items that can be repaired in India and those that have to be undertaken to the OEM premises.

Table - Illustrative Format for Submitting Details of Repairable Spares

<table>
<thead>
<tr>
<th>Ser No.</th>
<th>Part No.</th>
<th>Description</th>
<th>Repairs to be Undertaken</th>
<th>Unit Qty</th>
<th>Price Lists (along with annual escalation)</th>
<th>Delivery period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>In India</td>
<td>OEM premise</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: - The following aspects to be ensured:-

(i) Repair costs to be all-inclusive (collection/delivery ex-Depot).
(ii) Warranty post repairs will be as specified in the contract document.

(c) Man-Day Rates for Services/Special Tools. Man-day Rates for Services/Special Tools of Specialists (where applicable) should be specified corresponding to the categorisation of specialists, e.g. Designers, Engineers and Technicians, as applicable. Man-day Rates for hiring Special Tools, where applicable will also be provided.

33A.3 Online Inventory Management System (OIMS). [Applicable for all cases beyond Rs 300 Crores. Optional for delegated power cases] To leverage information technology and ensure expeditious order placement as well as timely product support, the Seller, shall be required to provide an Online Inventory Management System (OIMS), as per mutually agreed format, to place Purchase/Repair Orders (as applicable) online. The OIMS shall also provide feature to track the delivery status of the items. Further the OIMS should provide dashboard for intimation on obsolescence and offer of lifetime buy along with provision for user to interact with the OEM for technical assistance etc. The detailed scope and features of OIMS shall be finalised during the negotiations on LCSC. The OIMS may be decided on case to case basis.

33A.4 Active Technology Obsolescence Management. Seller will indicate the methodology on how the Seller intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/subsystem/units on completion of its fair service life. The Seller/OEM [as applicable] shall also intimate Buyer on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin should specify either alternate item or option for life-time buy as under:-

(a) The Seller/OEM [as applicable] will notify the Buyer not less than three years before the closure of its production line about the intention to close production of equipment for provision of purchasing spare parts, before closure of the said
production line.

(b) Three years prior to completion of design/service life of equipment, the Seller/OEM \[\textit{as applicable}\] will submit techno-commercial proposal for upgradation of equipment, wherever applicable, to mitigate technology obsolescence and for ensuring product support for next 15 years.

\textbf{ARTICLE 34 TRAINING}

34.1 The SELLER shall provide the following training to the personnel of the BUYER:-

(a) \textbf{Operator Training}.  
   (i) (___) working days) at SELLER’s premises, to a maximum of (___) personnel in (___) groups of (___) each.  
   (ii) (___) working days per group in India, to a maximum of (___) personnel in (___) groups of (___) each.

(b) \textbf{Repair and Maintenance Course}.
   (i) Field Repair/Maint. (___ weeks) at SELLER’s premises for (composition of the team to be specified).
   (ii) Base Repair/Maint. (___ weeks) at SELLER, premises for (composition of the team to be specified).

(c) The SELLER will provide training to the QA reps of the BUYER for (___) working days on various aspects of quality assurance of equipment.

(d) The syllabus of training as above will be decided within ___ months of MET by the BUYER and shall meet the needs of repair and maintenance of the complete equipment, SMTs/STEs, test set up, assemblies/sub-assemblies as per the existing repair concept of Indian Army as covered under Article 37.

34.2 The training for the first group of operators and users will be organised and conducted so that its termination does not go beyond (___) days of the scheduled delivery of the first equipment. Training of second group of operators and users will be conducted within (___) months thereafter. Repair and maintenance course will be conducted within (___) months of signing of the Contract and before expiry of warranty.

\textbf{ARTICLE 35 OPTION CLAUSE}

35.1 The BUYER shall have the right to place separate order on the SELLER on or before----------------- (------- year from the date of this Contract) for the main equipment, spares, facilities or services as per the cost, terms and conditions set out in this Contract up to a maximum of 50% quantity and during the original period of Contract provided there is no downward trend in prices. The price of the system, spares etc shall remain same till ------ year from the effective date of the Contract.
ARTICLE 36
BUYER FURNISHED EQUIPMENT (BFE)

36.1 The following equipment will be provided by the BUYER at his own expense:-

(a)

(b)

(NAME OF THE EQUIPMENTS TO BE PROVIDED BY THE BUYER ALONGWITH THE MAIN EQUIPMENT) This provision is in addition to the provisions set forth in Annexure III (Statement of Work).

ARTICLE 37
ENGINEERING SUPPORT PACKAGE

37.1 **Repair Philosophy.** The Engineering Support Philosophy shall conform to repair philosophy as follows:-

(a) **‘O’ Level.** Includes Unit and Field Repairs (1st & 2nd Level).

(b) **‘I’ Level.** Includes 3rd level Intermediate Repairs by Corps Zone workshop/Dockyard/Base Repair Depot or other similar service organisation.

(c) **‘D’ Level.** Includes 4th level extensive Base overhauls, Depot level Repairs which are either routine and planned or necessitated due to major repairs/renewal requirements.

37.2 **Accompanied Accessories/User Replaceable Parts/Expendables.** Accompanied accessories/User Replaceable Parts/Expendables as per the list, which will be prepared by the BUYER within __ months of completion of operator and operator trainer training, for the amount specified at Ser No __ of Annexure I. The list of items required to be supplied will be taken from Appendix A to Annexure IX duly incorporating Adequacy Clause (Article 37.9 below refers).

37.3 **Spares.** Spares for carrying out maintenance and repair up to component level will be provided by the SELLER as per the list finalised by the Buyer in the MET, at no extra cost and within the amount specified at Ser No ____of Annexure I. The list of spares required to be supplied will be taken from Appendix A to Annexure IX duly incorporating Adequacy Clause. The spares are required to be categorized in four categories as follows: -

(a) Manufactured by Seller as OEM and can be sourced as per Part No.

(b) Bought out items and customized by the OEM for the specific purpose and such customization would require OEM intervention.

(c) Bought out from other OEMs/Third Party as specialised items and used
without any customization. Such items can be sourced by quoting their Part No./Identification No. as given by OEM/Third Party and directly utilised.

(d) General Engineering items/COTs which can be sourced by stating the relevant standards and item description.

(Note: The OEM Part No./Identification No. of items in addition to Seller assigned part number are also required to be specified)

37.4 Special Maintenance Tools, Special Test Equipments and Test Jigs (SMTs/STEs/Test Jigs). SMTs/STEs/Test Jigs for carrying out maintenance and repair up to ( ) level of repair will be provided by the SELLER as per the list finalised by the BUYER in the MET, at no extra cost and within the amount specified at Ser No. ____ of Annexure-I. The list of equipment required to be supplied will be taken from Appendix A to Annexure IX duly incorporating Adequacy Clause.

37.5 Technical Literature. The SELLER shall provide __ sets of Technical Literature. (Specify format to the SELLER if required). Inadequacy/voids in Technical Literature identified during the Maintenance Evaluation Trials will be rectified by the SELLER at the time of delivery of Technical Literature to the satisfaction of maintenance agency of the BUYER.

37.6 Adequacy Clause. The SELLER confirms to the BUYER that the range and depth of Accompanied Accessories/User Replaceable Parts/Expendables, Spares and SMT/STE/Test Jigs given in Appendix__ of Annexure__ of this Contract are complete and exhaustive for use and carrying out repairs up to ( ) level for the equipment procured under this Contract by the BUYER. Any additional items, spares, tools and equipment up to the lowest level needed for use, maintenance and repair will be supplied by the SELLER at mutually agreed prices within 60 days of receipt of notification from the BUYER for the period specified in Article 33 (PRODUCT SUPPORT). The SELLER also confirms to the BUYER that the overall cost of one set of complete list of spares and parts used to make one functional (Equipment ____ ) as per the specifications given at Annexure__ (Technical Specifications) along with accompanied accessories as per Annexure__ as per the cost given in Appendix__ of Annexure__ will not exceed the cost of the equipment as given in Appendix. The SELLER also confirms that, if two different prices have been given for the same/similar item in Appendix__ to Annexure__, then the lower price quoted will prevail. In case, the quoted accessories has several items viz Sampling Accessory Kit and add up price of these items is higher than the quoted price of the accessory then the price will be lowered/adjusted proportionately for the items. The BUYER would have the option to amend the MRLS proposed by the SELLER within ____ years of the expiry of the warranty period. The SELLER would either ‘Buy Back’ the spares rendered surplus or exchange them on cost to cost basis with the spares as required by the BUYER. The said spares would be purchased/replaced by the SELLER, based on the prices negotiated in the Contract. The ‘Buy Back’ clause would not be applicable for additional spares included by the BUYER in MRLS during FET and SE stage, as brought out in the RFP.

37.7 A malicious code certificate as given in Appendix K&M (Chapter II & IV respectively) to the RFP is attached herewith.
37.8 **Comprehensive Annual Maintenance Contract (to be included in lieu of 37.1 To 37.4 above in cases with CAMC).** The Repair and Maintenance of ____ will be catered through Comprehensive Annual Maintenance Contract (CAMC), inclusive of all spares, for __ (in words) years post completion of warranty. The CAMC would include requisite periodic maintenance, defect rectification, calibration and certification, if any (as elaborated at Appendix K to the RFP). During the period of Warranty, the SELLER would undertake all preventive and corrective maintenance as required for CAMC (this clause is to be included in case no maintenance training is envisaged).

**ARTICLE 38**
**ACCESS TO BOOK OF ACCOUNTS**

38.1 In case it is found to the satisfaction of the BUYER that the SELLER has engaged an Agent, or paid commission or influenced any person to obtain the Contract as described in clauses relating to Agents and Penalty for Use of Undue Influence, the SELLER, on demand of the BUYER shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the Contract(s) and details of payment terms between the SELLERS and Agents engaged by him.

38.2 **Testimonial and Signature Clause.** The authorised representative of the SELLER should be shown to have been so authorised by the Resolution of the Board of Directors of the Company of the SELLER or duly authorised by the Memorandum/Articles of Association of the Company along with supporting documents for the same.

**ARTICLE 39**
**SEVERABILITY**

39.1. Should any of the provisions of this Contract be found to be invalid, or unenforceable, the Parties agree to continue performance on the remaining provisions of the Contract not so affected, unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transaction contemplated hereby to be unreasonable, in which case the Parties shall negotiate in good faith to reform the Contract. If the Parties are unable to reach agreement on a reformation of the Contract, they shall submit the issues to the disputes resolution process discussed in Article 24- Arbitration.

**ARTICLE 40**
**SURVIVAL AFTER TERMINATION OR EXPIRATION**

40.1. The following Articles shall survive the Termination or expiration of this Contract (Articles to be added as appropriate):-

(a) Arbitration

(b) Non-Disclosure of Contract Documents

(c) Title and Risk of Loss
(d) Warranty
(e) Law
(f) Penalty for Use of Undue Influence
(g) Patents and Other Industrial Property Rights

LEGAL ADDRESSES OF THE CONTRACTING PARTIES

1. Legal addresses of both Contracting parties:

SELLER

…………………………………………….

BUYER:

…………………………………………….

…………………………………………….

…………………………………………….

…………………………………………….

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
SOUTH BLOCK
NEW DELHI -110011
REPUBLIC OF INDIA

****
Annexure I  
(Refers to Articles 1, 5 and 34 of  
Standard Contract Document)

STATEMENT OF PRICES AND QUANTITIES AND PAYMENT STAGES

1. Statement of Prices and Quantities

<table>
<thead>
<tr>
<th>Ser</th>
<th>Items</th>
<th>Qty</th>
<th>Unit Cost</th>
<th>Total Cost</th>
<th>Total Cost (including all taxes &amp; duties)</th>
<th>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>(ii)</td>
<td>(iii) (iv) (v) (vi) (vii) (viii) (ix)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>Cost of Basic Equipment. Full break-up details may be given.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Cost of Installation / Commissioning/ Integration (where applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td>Cost of Buyer Nominated Equipment (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Cost of Transfer of Technology (where applicable).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>Cost of Manufacturer’s Recommended List of Spares as per the format given at Annexure I to Appendix E. In case equipment is already in usage, the spare parts requirement must be specific rather than being based on MRLS.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.</td>
<td>Cost of Special Maintenance Tools and Special Test Equipment as per format given at Annexure II to Appendix E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F.</td>
<td>Cost of Operator’s Manual and Technical Literature (in English Language) including Illustrated Spare Parts List as per Annexure III to Appendix E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G.</td>
<td>Cost of Training Aids such as simulators, cut out models, films, charts etc as recommended by the supplier as per Annexure IV to Appendix E.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H.</td>
<td>Cost of recommended period of Training excluding the cost of travel and boarding and lodging. This should be given under the following two heads as per Annexure IV to Appendix E. (a) In India. (b) Abroad.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J.</td>
<td>Cost of Preservation/De-preservation (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To be paid on actuals</td>
<td></td>
</tr>
<tr>
<td>K.</td>
<td>Any other cost (to be specified).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L.</td>
<td>Freight and Transit Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ser</td>
<td>Items</td>
<td>Qty</td>
<td>Unit Cost</td>
<td>Total Cost</td>
<td>Total Cost (including all taxes &amp; duties)</td>
<td>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</td>
<td>Remarks</td>
</tr>
<tr>
<td>-----</td>
<td>-------</td>
<td>-----</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>Total Cost (including all taxes &amp; duties)</td>
<td>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</td>
<td>Remarks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Cost (including all taxes &amp; duties)</td>
<td>Indicative Rate of Taxes &amp; Duties used to arrive at Total Cost (as applicable)</td>
<td>Remarks</td>
</tr>
</tbody>
</table>

**(i)** (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) Cost (where applicable).

**M. AMC/CMC/PBL Cost giving year-wise break-up (where applicable).**

**N. Total Cost (Total of Serial A to L)**

# This will be used in determining L1 vendor (duly applying provisions of Para 1 above).

**O. Foreign Exchange component of the proposal. (for Indian Sellers only)**

This will be with reference to Para 1.2.2 of Appendix L.

**P. CDEC (if applicable), its authority and amount for which required.**

---

**Total (in words)________________________**

## 2. Stages of Payment

### 2.1 For cases other than Shipbuilding

*(Note: The Payment and delivery schedule is to be incorporated as specified in the RFP and as ratified during CNC)*

#### 2.1.1. For Delivery in a Single Lot

<table>
<thead>
<tr>
<th>SL</th>
<th>Activity</th>
<th>Delivery Timelines (T₀ + Wks)</th>
<th>Scheme for Payment</th>
<th>Scheme for submission and Return of Advance Payment Bank Guarantees</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Signing of Contract</td>
<td>10% of the total Contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>SELVER may choose to provide multiple APBGs, if return is expected with each delivery</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>On submission of Detailed Project report (DPR) and Project PERT Chart.</td>
<td>5% of the total Contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>In case this stage is not required, 15% of total Contract price can be made on signing of Contract.</td>
<td></td>
</tr>
</tbody>
</table>
2.1.2. **For Delivery in Lots/ Batches**

<table>
<thead>
<tr>
<th>Sl</th>
<th>Activity</th>
<th>Delivery Timelines (T₀ + Wks)</th>
<th>Scheme for Payment</th>
<th>Scheme for submission and Return of Advance Payment Bank Guarantees</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Signing of Contract</td>
<td></td>
<td>15% of the total Contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>SELLER may choose to provide multiple APBGs, if return is expected with each Lot/ Batch/ Delivery</td>
</tr>
<tr>
<td>(b)</td>
<td>On submission of Detailed Project report (DPR) and Project PERT Chart.</td>
<td></td>
<td>5% of the total Contract price</td>
<td>APBG of equivalent amount to be submitted</td>
<td>In case this stage is not required, 15% of total Contract price can be made on signing of Contract.</td>
</tr>
<tr>
<td>(c)</td>
<td>On Delivery of all equipment/ system</td>
<td></td>
<td></td>
<td></td>
<td>Percentage of payment for delivery of equipment/ system shall be decided on the complexity/ scope of installation, STW and commissioning.</td>
</tr>
<tr>
<td>(i)</td>
<td>1ˢᵗ Lot/ Batch</td>
<td>55 to 75% of the cost of Equipment/ System of the Lot</td>
<td>APBG is to be returned on pro-rata basis on delivery of each lot/batch. APBG pertaining to documentation and training can be returned on delivery of a particular lot/batch (to be specified).</td>
<td>Percentage of payment for delivery of equipment/ system shall be decided on the complexity/ scope of installation, STW and commissioning.</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>2ⁿᵈ Lot/ Batch</td>
<td>55 to 75% of the cost of Equipment/ System of the Lot</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>Delivery of Documentation</td>
<td>85% of the cost of Documentati</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.2 For Shipbuilding Cases. The Vessel Cost (Total of Sls (b) to (k) of Appendix G of Schedule I to Chapter IV of DPP, excluding Cost of ToT) will be paid as per following stages on completion of respective stage activity (The Vessel Cost will not include Costs towards Handling of B & D Spares and Project Monitoring System, the payment stages of which have been specified at Paras 1(e) and 1(f) of Appendix F of Schedule I to Chapter IV of DPP respectively. The Payment Stages of ToT, if applicable, will be specified separately):

2.2.1 For Commissioned Vessels. 15 stages payment with pre-requisites as elaborated below:

<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel's Fixed cost</th>
<th>Activity</th>
<th>Schedule To be finalised during CNC</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>10%</td>
<td>With signing of Contract (10% of Contract cost)</td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>10%</td>
<td>(a) Proof of ordering Steel/Hull Construction Material (b) Submission of Cardinal date programme/Production PERT</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>5%</td>
<td>(a) Submission of Drawing Schedule (b) Submission of detailed network of activities including Work Breakdown up to launching of vessel (c) Submission of main hull structural drawing (d) Order for all major pre-launch items finalised and placed</td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>5%</td>
<td>(a) Completion of 10% physical progress of construction and submission of weight analysis for first ship of the series only (b) Submission of equipment installation schedule</td>
<td></td>
</tr>
</tbody>
</table>

Remarks:
- documentation/training is substantial (5%-8%, as specified), then APBG is to be returned on pro-rata basis as per completion of delivery of equipment, documentation and training.
<table>
<thead>
<tr>
<th>Stage</th>
<th>% of Vessel’s Fixed cost</th>
<th>Activity</th>
<th>Schedule To be finalised during CNC</th>
</tr>
</thead>
</table>
| V     | 5%                      | (a) Completion of 15% physical progress of construction and submission of weight analysis for first ship of the series only  
(b) Completion of main engines, gear box girders & seatings/m/c seatings as applicable to erecting of 60% hull | |
| VI    | 5%                      | (a) Completion of 25% physical progress of construction and submission of weight analysis for first ship of the series only  
(b) All access holes to be cut and preparation of main seatings in m/c compartment  
(c) Placement of order for major equipment & systems affecting conduct of basin trials | |
| VII   | 5%                      | (a) Pressure test of built in tanks  
(b) Manufacture/procurement of W/T doors and hatches  
(c) Submission of network of balance activities upto delivery alongwith resource allocation | |
| VIII  | 10%                     | (a) Completion of installation of machinery, equipment & fittings with the associated system required for reaching pre launch stage and submission of weight analysis for first ship of the series only  
(b) Launching of the vessel or equivalent stage of construction reached | |
| IX    | 5%                      | Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only | |
| X     | 5%                      | Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only | |
| XI    | 5%                      | Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only | |
| XII   | 10%                     | Completion of Basin trials | |
| XIII  | 5%                      | (a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships  
(b) Successful completion of CST  
(c) Completion of Training | |
| XIV   | 5%                      | (a) Successful completion of FMT  
(b) Stowage of all Onboard Spares  
(c) All documentation, drawings, manuals for the ship to be made available to the concerned agencies as per specifications  
(d) Completion of first reading of D-448 and acceptance of vessel | |
| XV    | 10%                     | All defects/ deficiencies and Contractor’s liabilities including guarantee repairs/dry docking to be completed. | |

2.2.2 For Yard Craft, Auxiliaries. Seven stages payment with pre-requisites as elaborated below:-
<table>
<thead>
<tr>
<th>I</th>
<th>10%</th>
<th>On signing of the Contract (10% of Contract cost)</th>
<th>On submission of bank guarantee of equal value and Performance-cum-Warranty Bond of 5% of the Contractual cost. DPSUs may submit indemnity bond, when nominated.</th>
</tr>
</thead>
</table>
| II  | 20% | (a) Proof of ordering of steel/Hull Construction Material  
(b) Submission of cardinal date programme/production PERT.  
(c) Submission of drawing schedule  
(d) Submission of main hull structural drawings.  
(e) Order for all major pre-launch items finalised and placed.  
(f) Erection of 40% hull.  
(g) Submission of equipment schedule.  
(h) Completion of main engines, Gear box girders & seatings/machinery seatings as applicable to erection of 40% hull. | To be certified by Owner’s rep/Overseer. |
| III | 10% | (a) Completion of main engines, gear box girders & seatings/machinery seatings as applicable to erection of 70% hull.  
(b) All access holes to be cut and preparation of main seatings in machinery compartments.  
(c) Manufacture/procurement of W/T doors and hatches  
(d) Pressure test of built in tanks.  
(e) Submission of network of balance activities. | To be certified by Owner’s rep/Overseer. |
| IV  | 10% | (a) Erection of 100% main hull  
(b) Placement of order for major equipment & system affecting conduct of basin trials  
(c) Pressure test of built in tanks  
(d) Submission of network of balance activities | To be certified by Owner’s rep/Overseer. |
| V   | 15% | (a) Completion of installation of machinery, equipment and fittings with the associated systems required for reaching pre launch stage.  
(b) Launching of the vessel or equivalent stage of construction reached  
Note: If large amount of machinery is to be placed after the launch of the vessel, this stage may be split into two @ 10% or 7.5% each. | To be certified by Owner’s rep/Overseer |
| VI  | 30% | (a) Completion of Basin Trials.  
(b) Completion of inclining experiment and draft survey for subsequent crafts.  
(c) Successful completion of Contractor’s sea trials (form part of vessel acceptance trials).  
(d) Successful completion of final machinery trials.  
(e) Stowage of all on-board spares.  
(f) All documentation, drawings, manuals for the ship to be made available to the concerned agencies as per specifications.  
(g) Completion of first reading of D-448 and acceptance of the vessel. | To be certified by Owner’s rep/Overseer. |
| VII | 5%  | All defects, deficiencies and Contractor’s liabilities including guarantee repairs & dry docking to be completed. |
Annexure II
(Refers to Article 1 and 6 of Standard Contract Document)

To Contract No._____________________

Dated:___________________________

TECHNICAL SPECIFICATION

All Technical parameters listed in terms of size, weight, performance, operating environment, power, utility life storage shelf life etc, both in terms of essential and desirable levels as applicable to the equipment.

(The Technical parameters of the equipment being Contracted also to be included)

****
To Contract No. ___________________________

Dated: ___________________________

**STATEMENT OF WORK (SOW) AND DELIVERY SCHEDULE**

1. General.

2. Abbreviations/Definitions.

3. Equipment, Materials And Services

The SELLER shall deliver the goods and perform services as following:

3.1 Deliverable Items and Schedule and Definition of composition of Lots/Batches:

3.1.1 To be as specified at Annexure I of the Contract

3.1.2 Delivery Schedule.

<table>
<thead>
<tr>
<th>Ser No</th>
<th>Equipment/Service</th>
<th>Quantity</th>
<th>Month (from effective date)</th>
<th>Place of Delivery</th>
</tr>
</thead>
</table>

3.2 Modifications to be incorporated in (Name of Equipment).

3.3 BUYER Furnished Data and Equipment.

4. **Integrated Logistic Support (ILS).**

4.1 The maintenance of the (Name of Equipment) shall be carried out at Field and Base Level by BUYER’s personnel after receiving Maintenance Documentation, CBTs Training, Special Test Equipment (STE) and test set up and Spare Parts.

4.2 The ILS package will support the following maintenance tasks: (All tasks to be listed)

4.2.1 Field

4.2.2 Base/Component Level.

4.3 Training & Documentation. (All details of trg to be incorporated)

4.3.1 Field Maintenance Training and Documentation.
<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>No of pers.</th>
<th>Duration</th>
<th>Month (from ED)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

4.3.2 Base Maintenance Training and Documentation.

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>No of Persons</th>
<th>Duration</th>
<th>Month (from ED)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

4.4. Special Test Equipment and Test Setup

4.4.1 For Field Maintenance Test Equipment.

4.4.2 For Base/Component Level Maintenance.

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>No of Persons</th>
<th>Duration</th>
<th>Month (from ED)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

**BUYER Furnished Test Equipment**

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Qty</th>
<th>Month (ARO)</th>
<th>Remarks</th>
</tr>
</thead>
</table>

****
Annexure IV
(Refers to Articles 3A and 3B of Standard Contract Document)

ADVANCE PAYMENT BANK GUARANTEE

To

The ___________________
Ministry of _______________
Government of India
________________ (complete postal address of the beneficiary)

1. “Whereas President of India represented by the _____________Ministry of __________ Government of India (hereinafter referred to as BUYER) have entered into a Contract No. __________ (No. of Contract), dated __________ (Date of Contract) with M/s _______________ (Name of SELLER) (referred to as SELLER) and whereas according to the said Contract the BUYER has undertaken to make an advance payment of Rs. _______________ being ___________% of the total value of Rs._____________________ of the said Contract, against issuance of an advance guarantee by a bank.”

2. We _______________________________________________ (indicate the name of the bank) do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the BUYER intimating that the SELLER is in breach of the Contractual obligations stipulated in the said Contract. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our total liability under this guarantee shall be restricted to an amount not exceeding Rs.______________.

3. We undertake to pay to the BUYER any money so demanded notwithstanding any dispute or disputes raised by the SELLER in any suit or proceedings pending before any Court or Tribunal relating thereto our liability under this present being absolute and unequivocal. The payment so made by us under this bond shall be valid discharge of our liability for payment there under and the SELLER shall have no claim against us for making such payment.

4. We, further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Contract and that it shall continue to be enforceable till all the dues of the BUYER under or by virtue of the said Contract have been fully paid and its claims satisfied or discharged or till ___________________________ office / Department / Ministry of ___________________________ certifies that the terms and conditions of the said Contract have been fully and properly carried out by the said SELLER and accordingly discharges this guarantee.

5. We, further agree with the BUYER that the BUYER shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Contract or to extend time of performance by the
said SELLER from time to time or to postpone for any time or from time to time any of the powers exercisable by the BUYER against the said SELLER and to forbear or enforce any of the terms and conditions relating to the said Contract and we shall not be relieved from our liability by reason of any such variation, Amendment issued vide MoD ID No. 4(50)/D(Acq)/08 dated 20.06.2016 or extension being granted to the said SELLER or for any forbearance, act or omission on the part of the BUYER or indulgence by the BUYER to the said SELLER or by any such matter or thing whatsoever which under law relating to sureties would, but for this provision, have effect of so relieving us.

6. The amount of this guarantee will be progressively reduced by (percentage of advance) __________ of total value of each part shipment/services against the stage payment released by the BUYER for that shipment/services made by the SELLER and presentation to us of the payment documents.

7. This guarantee will not be discharged due to the change in the constitution of the bank or the BUYER/SELLER.

8. We, undertake not to revoke this guarantee during the currency except with the previous consent of the BUYER in writing.

9. Notwithstanding anything contained herein above:-

(a) Our liability under this Guarantee shall not exceed Rupees ____________ (in words) __________________________________________________________________________________________

(b) This Bank Guarantee shall remain valid until ____________ (hereinafter the expiry date of this guarantee) the Bank Guarantee will cease to be valid after ____________ irrespective whether the Original Guarantee is returned to us or not.

(c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ____________ (Expiry Date).

Dated the ______ day of ______ (month and year)

Place:

Signed and delivered by ____________ (Name of the bank)

Through its authorised signatory

(Signature with seal)
PERFORMANCE-CUM-WARRANTY BANK GUARANTEE

To

The ___________________
Ministry of _______________
Government of India
____________ (complete postal address of the beneficiary)

Dear Sir,

1. Whereas President of India represented by the ___________ Ministry of __________., Government of India (hereinafter referred to as BUYER) have entered into a Contract No. __________________________dated _______________ (hereinafter referred to as the said Contract) with M/s. _______________________ (hereinafter referred to as the SELLER) for supply of goods as per Contract to the said BUYER and whereas the SELLER has undertaken to produce a bank guarantee amounting to Rs. ___________________ which is 5% of the Total Contract Price to cover 5% of total Contract value each for Performance and Warranty in sequence, to secure its obligations towards Performance-cum-Warranty to the BUYERS.

2. We, the _____________ bank hereby expressly, irrevocably and unreservedly undertake the guarantee as principal obligor on behalf the SELLER that, in the event that the BUYER declares to us that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the BUYER by reason of breach/failure to perform by the said SELLER of any of the terms and conditions in the Contract related to Performance and Warranty clauses, we will pay you, on demand and without demur, all and any sum up to (5% of total Contract Value) ___________________________ Rupees only at any instance under this Guarantee. Your written demand shall be conclusive evidence to us that such repayment is due under the terms of the said Contract. We shall not be entitled to ask you to establish your claim or claims under this guarantee but will pay the same forthwith without any protest or demur. We undertake to effect payment upon receipt of such written demand.

3. We shall not be discharged or released from the undertaking and guarantee by any arrangements, variations made between you and the SELLER, indulgence to the SELLER by you, or by any alterations in the obligations of the SELLER or by any forbearance whether as to payment, time performance or otherwise.

4. We further agree that any such demand made by the BUYER on the Bank shall be conclusive, binding, absolute and unequivocal notwithstanding any difference or dispute or controversy that may exist or arise between you and the SELLER or any other person.

5. In no case shall the amount of this guarantee be increased.

6. This Performance-cum-Warranty guarantee shall remain valid for a period until three months beyond the warranty period as specified in the Contract i.e. upto __________.
7. Subject to the terms of this Bank Guarantee, the issuing bank hereby irrevocably authorizes the beneficiary to draw the amount of up to Rs. _________ (5% of total Contract value) for breach/failure to perform by the SELLER of any of the terms and conditions of the Contract related to performance and warranty clause. Partial drawings and multiple drawings under this Bank Guarantee are allowed within the above stated cumulative amount subject to each such drawing not exceeding 5% of the total Contract value (Rs. _______ only) (Mention BG amount).

8. This guarantee shall be continuing guarantee and shall not be discharged by any change in the constitution of the Bank or in the constitution of M/s ____________. We undertake not to revoke this guarantee during the currency except with previous consent of BUYER in writing.

9. Notwithstanding anything contained herein above:

   (a) Our liability under this Guarantee shall not exceed Rs. _________ (Rupees __________ only (in words).

   (b) This Bank Guarantee shall remain valid until 3 months from the date of expiry of warranty period of the Contract, i.e upto ________ (mention the date) which is 3 months after expiry of the warranty period and the BG shall cease to be valid after _______________ irrespective whether the Original Guarantee is returned to us or not.

   (c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before ________________ (Expiry Date).

Dated the ____________ day of __________ (month and year)

Place :

Signed and delivered by __________ (name of the bank)

Through its authorised signatory

(Signature with seal)
Annexure IV (B)
(Refers to Articles 3D and 3E of Standard Contract Document)

ADDITIONAL BANK GUARANTEE FOR ESSENTIAL PARAMETER-B CASES

To

The ___________________,
Ministry _______________,
Government of India,
______________ (complete postal address of the beneficiary)

1. Whereas President of India represented by the _____________Ministry of _______________, Government of India (hereinafter referred to as BUYER) have entered into a Contract No _______________________ dated ___________________ hereinafter referred to as the said Contract) with M/s _________________ (hereinafter referred to as SELLER) for supply of goods as per Contract to the said BUYER and whereas the SELLER has undertaken to produce a bank guarantee for (%) of total Contract value amounting to Rs._________ to secure its obligations towards meeting the Essential Parameters B to the BUYER.

2. We, the _________________ bank hereby expressly, irrevocable and unreservedly undertake and the guarantee as principal obligors on behalf of the SELLER that, in the event that the BUYER declares to us that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the BUYER by reason of breach/failure to perform by the said SELLER of any of the terms and conditions in the Contract related to meeting the Essential Parameter B, we will pay you, on demand and without demur, all and any sum up to a maximum of Rupees _______ only. Your written demand shall be conclusive evidence to us that such repayment is due under the terms of the said Contract. We shall not be entitled to ask you to establish your claim or claims under this guarantee but will pay the same forthwith without any protest or demur. We undertake to effect payment upon receipt of such written demand.

3. We shall not be discharged or release from the undertaking and guarantee by any arrangements, variations made between you and the SELLER, indulgence to the SELLER by you, or by any alternations in the obligations of the SELLER or by any forbearance whether as to payment, time performance or otherwise.

4. We further agree that any such demand made by the BUYER on the Bank shall be conclusive, binding, absolute and unequivocal notwithstanding any difference or dispute or controversy that may exist or arise between you and the SELLER or any other person.

5. In no case shall the amount of this guarantee be increased.

6. This Guarantee shall remain valid until ____________ as specified in the Contract.

7. This guarantee shall be continuing guarantee and shall not be discharged by any change in the constitution of the Bank or in the constitution of M/s _________________.

66
We undertake not to revoke this guarantee during the currency except with previous consent of BUYER in writing.

8. Notwithstanding anything contained herein above:-

(a) Our liability under this Guarantee shall not exceed Rupees _____________ (in words) ___________________.

(b) This Bank Guarantee shall remain valid until ________________ (hereinafter the expiry date of this guarantee). The Bank Guarantee will cease to be valid after _____________ irrespective whether the Original Guarantee is returned to us or not.

(c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before _____________(Expiry Date).

Dated the _____________day of ______________ (month and year)

Place:

Signed and delivered by _____________ (Name of the Bank)

Through its authorized signatory

(Signature with seal)
INDEMNITY BOND FOR PERFORMANCE-CUM-WARRANTY

1. This deed made on this _____ day of ______ by M/s _____________, a company registered under The Companies Act 2013 having its registered office at _____________ and acting through its corporate office at _____________ hereinafter referred to as the "SELLER").

2. Whereas MoD, New Delhi acting on behalf of the President of India (hereinafter referred to as "BUYER") has placed a Contract No ___________ dated __________.

3. And whereas, the SELLER has agreed to execute this Indemnity Bond for performance-cum-warranty on the terms and conditions appearing hereinafter.

4. It is hereby agreed and declared by the SELLER that:-

(a) The SELLER shall duly and faithfully perform its obligation under the said contract and comply with the conditions in the said contract.

(b) The SELLER shall, in as much as with its control, refrain from such actions or actions as may cause loss, injury, damage to the BUYER.

(c) In the event of breach/default by the SELLER in complying and in case the breach/default is not remedied by the SELLER up to period of the notification of the breach/default by the BUYER, the SELLER shall indemnify to the BUYER, to the extent of {_________ (₹ _____________ only) being ______ % of the contract value of {_________ (₹ _____________ only) of any direct losses or damages suffered by the BUYER due to failure of the SELLER.

(d) The SELLER shall be fully discharged of its obligations under this bond on meeting its liability as per Para c above which shall be restricted to the limit as provided at Para c above.

(e) The SELLER shall not be liable for any breach/default arising out of force majeure situation or due to any default, action, inaction or failure on the part of the BUYER. The liability of the SELLER under this bond shall remain and in full force until the fulfilment of the obligations of the SELLER under the said Contract.

(f) The SELLER hereby expressly, irrevocably, and unreservedly undertake and guarantee that in the event that the beneficiary submits a written demand to SELLER stating that they have not performed according to the warranty obligations for the PRODUCTS as per said Contract, SELLER will pay BUYER on demand and without demur any sum up to maximum amount of ____ % of the contract value. BUYER’S written demand shall be conclusive evidence to SELLER that such repayment is due under the terms of the said contract. SELLER undertakes to effect payment within ____days from receipt of such written demand.
(g) The amount of warranty/guarantee shall not be increased beyond ___ %. Unless a demand under this warranty/guarantee is received by SELLER in writing on or before the expiry date (unless this warranty/guarantee is extended by the SELLER) all rights under this guarantee shall be forfeited and SELLER shall be discharged from the liabilities hereunder. This warranty/guarantee is personal to the BUYER and not assigned to a third party without prior written permission.

5. This Indemnity Bond for Performance-cum-Warranty guarantee shall be governed by Indian Law.

For ---------------------
Signature: Signature :
Name: Name :
Witness

1.

2.

****
Annexure V
(Refers to Article 9 of Standard Contract Document)

To Contract No._________________________

Dated:______________________________

MODIFICATIONS TO BE INCORPORATED
AS PER REQUIREMENTS OF THE
SERVICE HQ

(To be elaborated depending on the modification existing if any with the SELLER or modifications required for suiting the BUYER’s requirements)

****
CERTIFICATE OF CONFORMITY

Date:

No:

Product

Name:

Product

No: Lot No

: Quantity:

Contract

No:

Packaging List No:

THIS IS TO CERTIFY THAT THE ABOVE MENTIONED PRODUCT HAVE SUCCESSFULLY PASSED ALL THE ACCEPTANCE TESTS IN ACCORDANCE WITH THE RELEVANT SPECIFICATIONS AND DRAWINGS.

(_________ ) (_________ ) (_________ )

(_________ ) (_________ ) (_________ )

****
Annexure VII
(Refers to Article 20.2 of
Standard Contract Document)

QUANTITY CLAIM

To the Contract No ……………………………………………………………
Dated …………………………………
CLAIM PROTOCOL NO …………………
Laid down
…………………………………………………………………………………………………
For inter/tare storage
Commission, consisting of Chairman …………………………………… and
Members …………………………………………………………………………… having
examined the state of the delivered equipment ascertained as follows:-

1. The equipment was delivered by M/s……………………………………
against Bill of Lading No ………………………………… of
………………………………….. in the quantity of one collie with the Marking
…… Case No………………………………………………..

2. The obtained equipment is delivered under Contract
No…………………………… Item Srl No …………. Cost ……………………..

3. The state of packing and seals on goods packages, correspondence of the gross weight
and the weight indicated in the way bills (packing lists) Nos of the collies are to be pointed
out …………… Condition of the collie
…………………………………………………………………… Gross weight of the
collie…………………………………………………… Net weight of the
collie…………………………

4. While unpacking the goods packages, the following discrepancy between the shipping
documents (packing lists as the packed equipment was discovered/separately for each
package
………………………………………………………………………………………………………………
………………………………………………………………………………………………………………

5. Conclusion of the commission …………………………………………..
……………………………………………………………………………………………………………..

6. The following documents confirming the justification of the complaint are attached to
the report (Packing list, photos of the damaged sports and others)  
........................................................................................................................................
........................................................................................................................................

Chairman  .........................
Members  .........................
Place and date of issue  .................................................................................................

****
Annexure VIII
(Refers to Article 20.3 of Standard Contract Document)

QUALITY CLAIM

To the Contract No …………………………………………………………………………..
dated …………………………….. CLAIM PROTOCOL NO ……………………..

Laid down on

Concerning (Name of the claimed equipment) Commission
Members ……………………………..
Chairman …………………………….. …………………………………………………..

The Commission has acquainted with the claimed equipment and made the following decision:-

1. …………………………………. Serial No…………………………………………………..

……………………………….
(equipment)

Production by the ………. Made by the manufacturer ……………
……………………………….
………………………………….. (date of manufacture)

No of running hours ………. With guarantee period of ……………
(completed)
……………………………….
………………………………….. (years, months)

From the beginning of operation, the product has been operating for ………. hours.

2. Indicate operation conditions of the equipment ………………………………………
………………………………………………………………………………………………
(State type of fuel and oil used during operation of the equipment)

3. Description of the defect …………………………………………………………………
(the date and circumstances under which the defect was ascertained, short description of the probable causes and probable consequences of the defect)
4. List of units (or their parts)
(defective equipment will remain in that organisation store-room when it has been operating till arrival of the SELLER’s instruction)

5. Conclusion of the Commission
...................................................................................................................................................................
...................................................................................................................................................................
(on investigation the commission decided that the claimed equipment is not serviceable and that it must be subject to repair or must be replaced with a new equipment. The kind of repair and place where the repair should be carried out are to be stated).

The following parts are required for the repair of the equipment (or its parts):-
...................................................................................................................................................................
...................................................................................................................................................................
...................................................................................................................................................................

The defect occurred ....................... within the guarantee period from the reason as follows
...................................................................................................................................................................
...................................................................................................................................................................

........... The costs of the repair of the equipment or its parts
...................................................................................................................................................................
...................................................................................................................................................................

The defect occurred ............... within the guarantee period from the reason as follows ...
...................................................................................................................................................................
...................................................................................................................................................................
...................................................................................................................................................................

......................... The costs of the repair will be debited to (........................ manufacturer/owner....................)

To settle the claim, the SELLER has to replace the equipment and dispatch the unit and other parts, indicate the parts and where the repair should be carried out (manufacturer’s side), the manner of reimbursement of costs connected with the repair of the equipment, etc.

Supplementary Data:

The equipment was handed over in accordance with the .........................
No.................................................................on date).................................

The following documents are enclosed to this claim protocol to support the justification of the claim(photos, samples, results of analysis, packing sheets, etc.) Signature of the Commission Members
...................................................................................................................................................................

****
 Annexure IX  
(Refers to Articles 11 and 37 of Standard Contract Document)

**PRICE BREAKDOWN OF SUPPLIES AND SERVICES**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item</th>
<th>Quantity</th>
<th>Ready for Shipment</th>
<th>Unit Price</th>
<th>Total Price US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>EQPT _____ as per Appendix A along with accessories given at Note 1 below</td>
<td>221 Nos. (Illustrative example)</td>
<td>As per Note 2 below</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Cost of Additional Accompanied Accessories, User Replaceable Parts and Expendables (As per Appendix A)</td>
<td>As per Article 34.2</td>
<td>As per Note 2(d) below</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Spares and SMT/STE/TJ (As per Appendix A)</td>
<td>As per Article 34.3 and 34.4</td>
<td>As per Note 2(d) below</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Training as per the syllabus given at Appendix B</td>
<td>4 and 24 working days for operator &amp; maintenance personnel respectively (Illustrative Example)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Technical Literature given at Appendix C</td>
<td>As per Article 34.6</td>
<td>As per Note 2(d) below</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**
Notes:

1. Description of Equipment. Equipment System and the following accessories:

<table>
<thead>
<tr>
<th>Part No.</th>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>943013 Battery</td>
<td>02 Nos</td>
</tr>
<tr>
<td>(b)</td>
<td>943700 Manual in English</td>
<td>01</td>
</tr>
<tr>
<td>(c)</td>
<td>540006 Phillips Screwdriver #1</td>
<td>01</td>
</tr>
</tbody>
</table>

2. Delivery Schedule. Delivery Schedule (to be read in conjunction with Article 10 Delivery) to be completed as under:-

   (a) First consignment of ________Nos. Equipment ________ within weeks from the effective date of the Contract (Article 2 refers) along with Contracted ESP package viz spares, SMTs/STE/TJs and technical literature.

   (b) Second consignment of ______Nos EQPT _____ within ______weeks from the effective date of the Contract (Article 2 refers).

   (c) Third consignment of ________EQPT _____ within ________weeks from the effective date of the Contract (Article 2 refers).

   (d) Fourth and last consignment of ______EKPT __, and Additional Accompanied Accessories/User Replaceable Parts/Expendables, Spares, SMT/STE/TJ and Technical Literature within _________ weeks from the effective date of the Contract (Article 2 refers) and 34 refers.

****
### Appendix A to Annexure IX
(Refers to Article 37 of Standard Contract Document)

**PRICE BREAKDOWN OF EQUIPMENT/ACCESSORIES, MAIN EQUIPMENT ETC FOR EQPT**

1. **Main Equipment-Price Breakdown**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sl. No of Offer</th>
<th>Description</th>
<th>Unit Cost</th>
<th>Qty</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. **Sub-Assemblies for Equipment**

<table>
<thead>
<tr>
<th>Sl No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>Schematic ref.</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>220124</td>
<td>Sensor NO2</td>
<td>S1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>943253</td>
<td>Sensor Membrane</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

3. **Accessories Along with the Equipment**

<table>
<thead>
<tr>
<th>Sl No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>Schematic ref.</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>943013</td>
<td>Battery cartridges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

78
### Optional Items

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Sl No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>Schematic ref.</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16</td>
<td>943021</td>
<td>External battery pack</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

### Spares

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Sl No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>Schematic ref.</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12</td>
<td>943046</td>
<td>RS232 Cable</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

### Additional Items Required for Completeness of Spares and Consumables

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Sl No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>Schematic ref.</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>943018</td>
<td>Audio Ear Set</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>spare</td>
</tr>
</tbody>
</table>

Total
### Table

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Sl. No of Offer</th>
<th>Part No.</th>
<th>Nomenclature</th>
<th>No. per eqpt</th>
<th>Unit cost in USD $</th>
<th>Total cost in USD $</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>TJ 3000</td>
<td>Test Jig EVD</td>
<td></td>
<td></td>
<td></td>
<td>Component Level Checks Manufacture Supplied</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

**Note:** The SELLER confirms for authenticity, completeness correctness of the data given in this annexure.
**LETTER OF CREDIT**

<table>
<thead>
<tr>
<th><strong>Form of Doc Credit</strong></th>
<th>(40A) :</th>
<th>Irrevocable/revolving/confirming.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Doc Credit Number</strong></td>
<td>(20) :</td>
<td></td>
</tr>
<tr>
<td><strong>Expiry</strong></td>
<td>(31D) :</td>
<td>Date : This date should match the Period of Performance of the Contract.</td>
</tr>
<tr>
<td><strong>Applicant bank</strong></td>
<td>(51) :</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Beneficiary</strong></td>
<td>(59) :</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Amount</strong></td>
<td>(32B) :</td>
<td>Currency: Amount:</td>
</tr>
<tr>
<td><strong>Max Credit Amount</strong></td>
<td>(39B) :</td>
<td>Not Exceeding</td>
</tr>
<tr>
<td><strong>Available with/By</strong></td>
<td>(41) :</td>
<td>By payment.</td>
</tr>
<tr>
<td><strong>Partial Shipments</strong></td>
<td>(43P) :</td>
<td>Allowed/Not Allowed. Transhipment <strong>(43T)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not allowed/allowed.</td>
</tr>
<tr>
<td><strong>Loading in Charge</strong></td>
<td>(44A) :</td>
<td>(Port of Loading).</td>
</tr>
<tr>
<td><strong>For Transport to</strong></td>
<td>(44B) :</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Port of Discharge).</td>
</tr>
<tr>
<td><strong>Shipment Period</strong></td>
<td>(44D) :</td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Descript of Goods</strong></td>
<td>(45A) :</td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Documents Required</strong></td>
<td>(46A) :</td>
<td>+ Signed commercial invoice in six copies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ One Full set of original clean on board bills of lading/ Airway Bill.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Packing list in six copies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Certificate or origin issued by a chamber of commerce or self-certified by OEM.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Specimen Signatures of the SELLER’s and the BUYER’s Quality Assurance</td>
</tr>
</tbody>
</table>
Representative

+ Lot acceptance certificate signed by the SELLER’s and the BUYER’s quality assurance representatives or alternatively the SELLER’s quality assurance representative.

Additional Condition (46A) : + Telegraphic reimbursement is allowed.
+ This credit will automatically revolve cumulatively on an annual basis as indicated below and will accordingly be automatically extended upon transmission of a notice to this effect by means of an authenticated telex/swift message from the beneficiary’s bank to the issuing bank not later than 15 days prior to the expiry of the relevant validity period. [Note : Applicable only if LC is revolving].

<table>
<thead>
<tr>
<th>Stage</th>
<th>Amount</th>
<th>Validity Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+ Maximum utilisation under the credit will be
[Note : Applicable only if LC is revolving].

+ Confirmation charges for the LC are for the beneficiaries account. [Note : Applicable only when confirming LC is chosen]

+ UCP Article 32 does not apply. [Note: This pertains to sequential stage payments. Mention of non-applicability of this provision will provide flexibility to BUYER during execution without requirement of amendment to LC in case of change in sequence of stage payments]

+ Late Shipment is acceptable.

Details of Charges (71B) : All charges outside India are for beneficiary account.

Presentation Period (48) : 21 days after shipment

Confirmation (49) : Confirm

Reimbursing Bank Instructions (53) : ---------------------------------
+ Documents must be forwarded to us by courier in one lot.
+ We hereby engage that payments made under and in compliance with all the terms and conditions of this credit will be duly honoured by us upon presentation of the stipulated documents.

+ Paying bank may claim reimbursement telegraphically from the reimbursing bank for value 3 days after their authenticated telex/swift advice to the issuing bank of any conform drawing presented under this credit.

Advise through (57) : .................................................................

Send to Recd Info (72) : .................................................................

****
CHAPTER VIII : POST CONTRACT MANAGEMENT

**Introduction:** A Contract is a legal document. Hence it needs to be ensured that both parties strictly abide by the terms and conditions of the contract. Post contract management is a very important activity and is directly dependent on the quality of work done during contracting stage. Poorly drafted contractual clauses lead to problems in Post Contract management. It is a very important function with both operational and financial implications and therefore requires close and effective monitoring. Mostly in capital procurement the contracting agency and the contract operating agency are different. In such cases it needs to be ensured that the transition is smooth from pre to post contract.

**Distribution of Contract:** Placement of a contract does not essentially ensure the completion of supplies. Once the contract is signed by both the parties, it should be ensured that the copies are distributed to the Indenting agency, inspecting agency, payment authority, Consignee, Landing officer, Buyer and the Seller. After the distribution of contract copies, the original contract or a copy should be placed in a folder and all important milestones should be chalked out for monitoring the payments and supplies till all the supplies and obligation are completed. If possible, Post Contract Management Module should be utilised if the procurement process is automated.

**Effective Date and Delivery Period:** The date of signing of the contract is to be treated as the effective date of the contract. In case of bulk production, the deliveries, supplies and performances or services shall commence from the date of issuing bulk production certificate.

In case of Capital contract the date of delivery should be reckoned from the date of release of Advance payment to the Seller (T₀), provided the Seller submits the documents mandated as per the contract for release of advance within 45 days of signing of contract. If the said documents are not submitted within 45 days of signing of contract, the period between the 45th day and actual submission of documents should 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.

In case of **FOPM**, accord of Bulk Production Clearance date issued by the inspection agency should be taken as date of delivery. If **FOPM** is not successfully validated, approval for next date of submitting **FOPM** should be granted by the Aqn Manager of concerned arm. In case **FOPM** fails during second validation also, then the case should be decided based on criticality of the item for granting extension or cancellation of the contract and progressed for seeking approval of Chairman, Steering Committee. In case of cancellation of the contract, 10% of the EMD/PBG should be deducted as penalty from the seller post approval by the Chairman, Steering Committee.

**Changes in the Terms of /Amendment to a Concluded Contract (Revenue)**

**Changes in the Terms of a Concluded Contract:** No variation in the terms of a concluded contract should normally be made, unless the contract specifically provides for it, in which case this can be done with the specific written consent of the parties to the contract and approval of the CFA.

**Amendments to a Concluded Contract:** Amendment to a contract already concluded may become essential in certain situations when either party to the contract requests for
an amendment and the proposed amendment is acceptable to other party to the contract. Amendments should be undertaken after seeking approval of the CFA.

**Enhancement in Rates**: No enhancement in rates/prices should be made unless the contract specifically provides for it. Such situations may arise in those cases where the contract provides for price variation clauses or the change is due to variation in GST/Custom Duties/other Government taxes & levies and the contract provides for payment of these duties on the basis of actual rates, provided the supplies are made during the original delivery period. Consultation with Integrated Finance in cases where Delivery Period has expired would be required if the original contract was concluded with the concurrence of Integrated Finance or, after increase in value, the contract falls within the delegated powers of the CFA, exercisable with the concurrence of Integrated Finance.

**POV of contract amendment cases (Capital)**: If there is a requirement of undertaking amendment to contract based on seller’s request, a committee comprising specialist officer, Finance Member, rep of Principal Advisor (Cost) and rep of Aqn Manager should consider technical as well as financial implications and recommend the case to Chairman Steering Committee (DG Aqn) for approval. Levy/ waiver of LD should also be recommended by the committee based on the credentials of the case for approval by DG (Aqn).

**Amendments of Minor and Non-financial Nature(Revenue)**: Amendments of minor nature concerning Drawing No, Part Nos, Name change/Merger of the firm, bank details, ultimate consignee etc, which do not have financial implication, may be approved by an authority one rank below the contract approving authority, without consultation of Integrated Finance in case of revenue procurement and by Vice Chiefs of the concerned service.

**Performance Security**: The Contract Operating Officer should check that the seller provides PBG as per the timeline stipulated in the contract. The PBG received should be retained by the Contract operating Officer for future action.

In case of non receipt of PBG the seller should be informed to deposit the same immediately. Max grace period of 10 days from the last date of submission may be given by the Contract Operating Officer.

LD should be levied for any further delay after seeking approval from the Vice Chief of concerned service in case of capital contract and by the concerned CFA in case of Revenue Contract.

Bank guarantees submitted by the tenderers/Sellers as Performance securities need to be immediately verified by SBI (FED) before acceptance. Such verification will remain valid for a period of Three Years.

PBG may not be taken in case of small value purchases upto RsTen lakhs (Revenue Contract), particularly for off the shelf/common user items or branded commercial products which are to be accepted on the manufacturer’s guarantee after approval of the CFA. In case of the Defence PSUs/OFBs, an Indemnity bond may be accepted in lieu of PBG, as per current practice. The Performance Guarantee may be exempted in case of OEM Suppliers or where the value of the tender is less than Ten Lakh dollar by the CFA. (Central Revenue Procurement).

**Payment**
Payment Terms:

Payment terms are of great importance both for the Buyer and the Seller as the cost of finance plays a very important role in deciding the cost of an item or service being contracted for. If the payment is to be made through LC as per the contract then on receipt of notification from the seller about the readiness of the goods for dispatch, the Contract Operating Officer should first check whether the Performance cum warranty Guarantee/Corporate Guarantee or Sovereign Guarantee or letter of comfort (as applicable) for full value of the contract has been received. In case the delivery is in multiple consignments as per the contract and there is a long delivery schedule, then opening of revolving LC may be considered.

In case of consultancy/services, payment is based on a schedule agreed to in contract, often based on certain milestones or outputs. The terms and conditions of such payment are set out in the contract wherein the amount of advance payment, if any, is specified, as are the timings of the payment and the amount of advance payment security to be provided by the consultancy firm. The advance payment is set off by the procuring entity in equal instalments against monthly billing statements until it has been fully set off.

Documents to be submitted for Claiming Payment(Revenue): The documents to be submitted for audit and payment depend upon the nature of procurement and the terms and conditions of a particular supply order/contract. However, essential documents that are required for audit and payment are as follows:-

(a) Documents to be Submitted to the Audit Authority Along With Advance Copy of the Supply Order/Contract:-

   (i) Ink signed/digitally approved copy of the Supply Order/Contract Agreement/ Accepted Tender (AT) Note.

   (ii) An ink-signed/digitally signed copy of sanction of the CFA indicating UO Number and date of IFA’s concurrence, where applicable.

   (iii) Specimen signatures of sanctioning and countersigning authorities (in case of ink signed documents only).

   (iv) GST/Service Tax Registration No./PAN No, where applicable.

Note:

1. The budget allotment letter(s) conveying allocation of funds under the concerned code-heads of expenditure are required to be sent as and when the allocations are made.

2. In case documents listed above are not sent in advance to the audit authority, they may be called for by such authority at the time of payment of bills/post audit, where applicable.

(b) Documents to be submitted to Paying Authority for payment along with the Bill

   (i) An ink-singed copy of the Contingent Bill/Seller’s Bill.
(ii) An ink-signed copy of the Commercial Invoice.

(iii) CRV as proof of BOC.

(v) Inspection note.

(vi) Relevant documents/proof of payment in support of the claim for statutory and other levies, such as GST challan, Customs duty clearance certificate, Octroi receipt, proof of payment for EPF / ESIC contribution with nominal roll of beneficiaries, etc., as Applicable.

(vii) Exemption certificate for GST/Customs duty, if applicable.

(viii) Bank Guarantee for advance, if any.

(ix) Guarantee/Warranty Certificate.

(x) Performance Bank Guarantee/indemnity bond, where applicable

(xi) DP extension letter with CFA’s sanction, UO No. and date of IFA’s concurrence, where required, indicating whether extension is with or without LD.(As Applicable)

(xii) Details for electronic payment, if these details are not incorporated in the Supply Order/Contract or in case there is a change in these details.

(xiii) User acceptance.

[Note: Depending upon the peculiarities of the procurement being undertaken, documents may be selected from the list given above and specified in the RFP and supply order/contract.]

Payment of Advance:

Advance Payment to Sellers: Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:-

(a) Advance payments are demanded by firms holding maintenance contracts for servicing of air-conditioners, computers, other costly equipments, etc.

(b) Advance payments demanded by firms against fabrication contracts, turnkey contracts, etc. Where it is decided to provide advance payment, the quantum should be incorporated upfront in the RFP.

(c) Advance Payment demanded by the OEMs.

Quantum of Advance: Advance payment should not exceed fifteen percent of the contract value or the amount payable for six months in case of maintenance contracts.
Relaxation of the Prescribed Ceilings: The ceilings mentioned above may be relaxed only with the approval of the VCOAS/VCNS/VCAS.

Stage/Part Payments: If stage/part payments are proposed to be made on achievement of milestones, it should be clearly mentioned upfront in the Contract with the approval of CFA and the concurrence of the IFA, wherever required as per the delegation of financial powers.

Securing the Advance: While making any advance payment, adequate safeguards in the form of bank guarantee, etc., should be obtained from the firm.

Correctness of the Quality and Quantity: On receipt at the consignee’s premises, the stores should be checked for ascertaining the correctness of quantity, quality and documents. In case the stores are found deficient in any way, the consignee has the right to reject the stores even if these were inspected and cleared by the inspector. In case of any discrepancy the consignee should immediately raise a Discrepancy Report (Fifteen days) and forward to the Contract operating Officer.

Inspection (Capital)

In case of PDI the Contract Operating Officer should inform the concerned QA personnel at least 45 days in advance prior to the Inspection day. If the composition of the PDI committee is specified in the contract, the approval of the names and authority to issue the GSL can be accorded by the VCOAS/VCNS/VCAS/DCAS/CISC/DG(CG).

For JRI, the Contract Op Officer should coordinate the visit of sellers rep to the place of JRI.

If the platform/facilities are to be provided by GOI then the same should also be coordinated well in advance.

In case GOI fails to provide the platform/facilities to the seller to demonstrate the performance of the equipment, delay period should be deducted from the delivery period. Approval can be given by the Vice Chief of concerned service. In case the supplied item fails during JRI due to any reason, it will be the responsibility of the seller to replace the same within the delivery period at his cost and expence.

Inspection (Revenue)

Self inspection: Under exceptional circumstances, the stores ordered may be accepted on the guarantee and warranty of the Seller. Towards this end, for acceptance of the inspected items or the entire batch/lot, the Seller shall also get the stores inspected by its Quality Assurance Department and furnish a certificate that the stores conform to the specifications laid down in the contract.

Inspection by the Buyer: However, where the contract specifies actual inspection by the Buyer, the Seller will arrange for the inspection, in consultation with the Buyer. The following guidelines will apply where inspection is required to be carried out:-

(a) The stores shall be inspected in accordance with the provisions of the contract.

(b) Where inspection by the inspector is specified, the seller will give him sufficient advance notice of the date in writing on which the goods will be ready for
inspection. The seller will also provide the inspector all the necessary facilities including appliances, tools, material and labour at no extra cost, to carry out the specified inspection. When independent tests and analyses, in addition to those made by the inspector on the seller's or sub-seller's premises, are considered necessary, the seller shall provide testing at Seller's expense and deliver, free of charge, at such place as the Buyer may direct, such materials as he may require for tests or analysis.

(c) If any of the products, whether finished or in the course of production, are rejected by the inspector, they shall be marked and segregated in such a distinctive manner, to the satisfaction of the inspector, so as to ensure that they are identified as rejected products.

(d) The Buyer shall not be liable for payment for any rejected supplies or any costs of inspection thereof.

(e) The Seller shall at his own expenses and within the period of delivery, as specified in the contract, replace or make good, to the satisfaction of the inspector, any articles rejected on inspection.

(f) The decision of the inspector regarding mode, method, rejection or acceptance of the specified items/ entire batch/ lot will be final.

(g) The Buyer reserves the right to inspect the stores on arrival in India and discrepancy or defects found shall be reported to the Seller within fifteen months. The seller shall rectify the same within ninety days of receiving the intimation.

(h) The stores will be offered for inspection sufficiently in advance considering the time involved for inspection and transportation so as to reach consignee premises before expiry of stipulated delivery period.

(j) The buyer reserves the right to inspect the stores on arrival at consignee premises and discrepancy or defects found shall be reported to the seller within 60 Days. The seller shall ratify the same within ninety days of receiving the intimation.

Packaging and Despatch: The stores are required to be packaged as per the terms and conditions of the contract and should be checked for correctness accordingly. The stores are required to be packaged to withstand normal condition of shipment/ transportation and at consignee premises. In case the stores are not packed as specified in the contract then the PBG should be retained till it is certified by the QA staff that deviation has not resulted in any adverse effect to the consignment.

Terms of Delivery:

Standard Terms of Delivery: Timely delivery is the essence of the contract. Standard terms governing delivery of goods as per the contract need to be checked and will/may be as follows:-

(a) Delivery of Goods are affected within specified days from the date of signing of the contract.

(b) The date of delivery should be the date of clean-on-board Bill of Lading/Air Way Bill.
(c) Where inspection by the Buyer prior to delivery is provided for, no stores will be considered ready for delivery until the Buyer or his authorized representative certifies in writing that the stores have been inspected and approved by him.

(d) Each contract will clearly specify the date of delivery/ date on which the items will be ready for inspection. The prescribed delivery schedule should be firm and not open-ended.

(e) The stores will be shipped by sea/air as specified in the contract.

(f) The contract or any part thereof, if delivered in more than one installment, shall be deemed to be complete, and the contract price for the delivered goods would become payable to the seller, only when all terms and conditions relevant to that delivery as per the provisions of the contracts have been completed.

(g) The Goods are considered as delivered by the Seller and accepted by the Buyer when they conform to the following:

   (i) **In respect of Quantity** – According to the number of packages in sound external condition and the weight shown in the shipping documents.

   (ii) **In respect of Quality** – According to the quality stated in logbooks/passports.

**Failure to Deliver within the DP:** When the supplies do not materialize by the stipulated contract delivery date, either of the under mentioned action should be initiated:

(a) Issuing a performance notice.

(b) Extending the delivery date with imposition of LD and denial clause, which implies denial of increase in price, taxes, duties, etc. taking place during the extended period.

(c) Re-fixing the delivery date.

(d) Cancelling the contract and repurchasing the non-supplied quantity.

(e) Initiation of punitive action as per the terms and conditions of the contract.

**Deciding the Course of Action in the Event of Failure of Supply:** For deciding on these options the Procuring Authority has to balance the time factor required for making repurchase and whether the supply can be arranged earlier than the period of extension sought for at cheaper rates from alternative sources and in the latter case whether the indenter can reasonably wait to take advantage of lower trend in prices. Extension shall be granted only where the CFA is convinced that buyer would come forward during extended DP. All DP extensions with applicable LD may be granted by the CFA/Contract operating officer (as applicable) without consultation with IFA. Provisional DP may be accorded on a case to case basis. In case of LD waiver the Finance Member should be consulted.

**Maximum Period of Extension:** There will be no cap to the period of DP extension any CFA can approve, for cases falling within their powers in case of revenue procurement.
Re-fixation of Delivery Period: The delivery period can be re-fixed only in the circumstances mentioned below:-

(a) Where manufacture is dependent on approval of advance samples and delay occurs in approving the samples even though submitted in time.

(b) Extension is granted due to omission on the part of the Buyer to enforce delivery date within the stipulated time.

(c) Where the entire production is controlled by the Government.

Liability on Account of Taxes etc in the Event of Grant of Extension of Delivery Period: While granting extension of delivery period, any increase in the taxes and levies would not be payable, unless the contract specifically provides for it or it is expressly agreed to with the concurrence of the Integrated Finance.

Warranty Clause

Warranty Clause: A warranty clause, if incorporated in the contract should be invoked in case of any defect/deterioration occurring during the period covered under warranty. The Seller should be approached by the Contract Operating Officer to repair or rectify defective goods or to replace such goods with similar goods free from defect. Any goods repaired or replaced should be delivered at the buyer’s premises, without any costs to the buyer.

Imposition of LD While Granting Extensions(Revenue): While granting extensions of delivery period on an application of the contractor, the letter and spirit of the application should be kept in view in fixing a time for delivery and it must be decided while granting extension whether it would be with or without imposition of Liquidated Damages. LD is to be imposed on value of items excluding taxes. In case full liquidity damage is being levied on the Seller, the sanction for the extension can be approved by the Contract Operating Officer. In case of partial LD the case can be approved by an authority one step lower than the CFA. In case of waiver of LD the case should be progressed through the IFA for CFAs approval.

Liquidated Damages (LD)

Consequential Damages: Consequential damage is to be imposed over and above LD in case of time critical Turn-key Projects, where considered necessary, and should be as per the contract.

Liquidated Damages (LD) (Capital): If the Seller fails to submit the Bonds/Guarantees/Documents or/and supply/perform the items/services as per delivery schedule specified in the contract the case should be moved for deduction of LD under approval of the PSO at service HQ. After approval concerned bank should be intimated to deduct the same.

If seller offers to carry out up gradation/alteration the following action should be undertaken:

(a) Assessment of time taken and financial affect by specialist officer concerned.
(b) If time taken is less than six months and if accepted, no LD to be levied. However, if it fails LD to be imposed for total delay including the “Less than Six month” period.

(c) If time taken is more than six months, proposal is not to be accepted for the current contract, and if delivery is not as per schedule, LD is to be charged after assessment of reason.

All cases of LD should be approved by the Vice Chief of concerned SHQ.

Claims

In case of any discrepancy (Qualitative/Quantitative), the Buyer shall promptly notify the Seller, in writing, of any claims arising during inspection at consignee’s end. The time period for notifying the claim should be as per the contract.

**For Quality Claims on account of Defects or Deficiencies:** The quality claims for defects or deficiencies in quality, noticed during the JRI, shall be presented within time stipulated for completion of JRI and acceptance of goods. Quality claims shall be presented for defects or deficiencies in quality noticed during warranty period at the earliest but not later than the time stipulated in the contract after expiry of the guarantee period.

Excess payment

In case of any excess payment to the seller due to over pricing/wrong generation of the invoice, the amount paid in excess should be immediately recovered from the seller. In case the fault is on part of the seller, penal deduction up to 10% should be levied. Approval for the same should be obtained from the CFA in case of revenue procurement and Def Secy in case of capital procurement.

**Arbitration** (For Foreign Vendors)

If a dispute, disagreement relating to an existing contract is not resolved within 60 days, then the case should be processed for referring to the Arbitration Tribunal.

Name of the arbitrator on behalf of GOI should be provided within 60 days after seeking approval of CFA. Advice of LA(Defence) may be sought, if required.

Nomination of the third arbitrator should be obtained under Indian Arbitration and Conciliation act, 1996 or from ICA and ICADR.

If the name of third arbitrator is not acceptable to the seller, case should be moved for seeking the name of third arbitrator from International Chamber of Commerce, Paris.

**Arbitration** (For Indian Vendors)

If a dispute, disagreement relating to an existing contract is not resolved within 60 days, then the case should be processed for referring to the arbitration Tribunal.
Name of the arbitrator on behalf of GOI should be provided within 60 days after seeking approval of CFA. Advice of LA(Defence) may be sought, if required.

Nomination of the third arbitrator should be obtained under Indian Arbitration and Conciliation act, 1996 or from ICA and ICADR.

**Force Majeure**

**Force Majeure:** As per this clause, neither party shall bear responsibility for the complete or partial non-performance of any of its obligations (except for failure to pay any sum which has become due on account of receipt of goods under the provisions of the contract), if the non-performance results from such Force Majeure circumstances as Flood, Fire, Earthquake and other acts of God, as well as War, Military Operations, Blockade, Acts or Actions of State Authorities or any other circumstances beyond the control of the parties that might arise after the conclusion of the contract.

**Option Clause and Repeat Order Clause (Revenue)**

**Repeat Order and Option Clauses:** Provision for repeat order and option clause should not be made as a matter of course in the RFPs as these clauses have an impact on price. Either or both these clauses may be provided in the RFP only in exceptional circumstances, where the consumption pattern is not predictable, with the stipulation that while exercising one or both these clauses, the overall ceiling of fifty percent of the originally contracted quantity will not be exceeded. Repeat Order and/or Option Clause may be exercised more than once, provided altogether these orders do not exceed 50% of the original order quantity.

**Option Clause:** Under this clause, the Buyer retains the right to place orders for additional quantity up to a maximum of 50% of the originally contracted quantity at the same rate and terms of the contract. Such an option is available during the original period of contract provided this clause had been incorporated in the original contract with the Seller. This clause may be exercised in case of procurement from single vendor/OEM as well subject to there being no downward trend in prices. However, in multi vendor contracts, great care should be exercised before operating the option clause. The delivery period shall be fixed for the additional quantity on the lines of the delivery period in the original order.

**Conditions governing Option Clause:** Against an outstanding indent for which acceptance of necessity has been approved by CFA, it may be advantageous to the Buyer to exercise the option clause in accordance with the terms and conditions of contract. The option clause may be exercised on approval of the CFA, within whose powers total value of original supplies plus value of the option clause falls, in consultation with IFA, where applicable as per the delegation of financial powers, during currency of the contract. It should be ensured that there is no downward trend in the market prices. No fruitful result will accrue by floating fresh RFP when items are urgently required. If the contract also contains the repeat order clause, it may be kept in mind while placing order under the option clause that the total quantity under the option clause and the repeat order cannot exceed fifty percent of the originally ordered quantity.

Caution should be exercised while invoking option clause in case a Seller has not supplied any items within the original delivery period. If it becomes necessary to do so in exceptional cases, due justification will be advanced by the sponsoring authority for necessity of placing further orders on such contractor. The consent/ confirmation of acceptance of option order quantity will be obtained from the vendor prior to processing of
the order for approval of CFA in consultation with IFA, where required, as per delegated financial powers.

**Conditions Governing Repeat Order:** A Repeat Order may be placed subject to the following:-

(a) Items ordered against the previous order have been delivered successfully.

(b) Original order should not have been placed to cover urgent/emergent demand.

(c) Repeat Order is not placed to split the requirement to avoid obtaining the sanction of the next higher CFA.

(d) The original order should have been placed on the basis of lowest price negotiated and accepted by CNC, and not on the basis of delivery or any other preference.

(e) There is no downward trend in the price of the item. (A clear certificate should be recorded to that effect by the Buyer.)

(f) The requirement is for stores of identical nature/specifications, nomenclature etc. Minor improvements in spec(s) or phasing out of products due to obsolescence should not be precluded from the purview of repeat order but this aspect should be very carefully examined from the point of view of interchangeability of the product offered as an improved substitute.

(g) The repeat order is to be placed within six months from the date of completion of the supply against the original order.

(h) The repeat order quantity is to be restricted to a maximum of 50% of last order quantity in case of indigenous and foreign procurement, where the contract does not include the option clause. In case of orders for small quantities (1 to 7), the Repeat Order quantity may be rounded off to the next whole number.

(i) This provision may be exercised in case of PAC/Single vendor OEM also. However, care should be taken before exercising this provision in multi-vendor situation.

(j) Where the contract also includes an Option clause, Repeat Order may be placed only for such quantity, which, along with the quantity for which Option clause may have already been exercised, does not result in the total quantity under the Option clause and the Repeat Order put together exceeding 50% of the originally ordered quantity.

(k) The CFA will be decided taking into consideration the value of the originally ordered quantity and the Option clause/Repeat Order quantity.

**Risk and Expense Purchase (Revenue)**
Risk & Expense Purchase: Risk and expense purchase clause may be included in the RFP and the contract, if considered necessary. Risk and Expense purchase is undertaken by the Buyer in the event of the Seller failing to honour the contracted obligations within the stipulated period and where extension of delivery period is not approved. While initiating risk purchase at the cost and expense of the Seller, the Buyer must satisfy himself that the Seller has failed to deliver and has been given adequate and proper notice to discharge his obligations. Whenever risk purchase is resorted to, the Seller is liable to pay the additional amount spent by the Government, if any, in procuring the said contracted goods/services through a fresh contract, i.e. the defaulting Seller has to bear the excess cost incurred as compared with the amount contracted with him. Factors like method of recovering such amount should also be considered while taking a decision to invoke the provision for risk purchase. The seller defaulting in supply should not be allowed to participate in such tender.

Risk and Expense Purchase Clause not Mandatory: Risk purchase at the cost and expense of the Seller may not always be a practical proposition as it may not be feasible to enforce recovery without legal action. This clause is rarely invoked in case of import contracts for this reason. In such cases where the item is of proprietary nature or there is only one qualified firm to supply the items and there is a remote possibility of procuring the same item from an alternative source, it will be essential that instead of having risk and cost clause in the contract, the contract should have performance guarantee clause to cover any such default.

Buy back of spares (Capital)

If the seller has provided MRLS, and buy back clause exist in the contract, the User Dte/Stock Holding Depot should monitor the consumption pattern of MRLS spares, and at the end of the period stipulated in the contract or as per the calculation methodology mentioned in the contract, provide list of non-moving spares to AcqDte (handling Capital Procurement at Service HQ) for taking up with the seller.

Fall Clause (Revenue)

In cases where contracts have to be concluded with the firms, whose rate contract with central procurement agencies has expired and renewal of RC has not taken place, a 'fall clause' should be incorporated in the Supply Order/Contract to the effect that during the currency of the Supply Order/Contract, in case rates are found to be lower on conclusion of rate contract, the lower rates as in the rate contract shall be applicable.

Price Variation Clause/Price Adjustment Clause

Normally a contract should be entered into on a fixed price basis. Nevertheless, in the fluctuating market conditions it may sometimes become necessary in the case of long term contracts to consider variable price quotes given by the Sellers. The following guidelines will be followed in cases where a price variation provision is sought to be included in the contract:

(a) Price Variation Clause can be provided only in long-term contracts, where the delivery period extends beyond 18 months. In short-term contracts, firm and fixed prices should be provided for. (Where a price variation clause is provided, the price agreed upon should specify the base level viz., the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year.)
(b) A formula for calculation of the price variations that have taken place between the Base level and the Scheduled Delivery Date should be included in this clause. The variations are calculated by using indices published by Governments or Chambers of Commerce periodically.

(c) The Price Variation Clause should also specify cut-off dates for material and labour, as these inputs taper off well before the scheduled delivery dates.

(d) The Price Variation Clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both. The buyer should ensure a provision in the contract for benefit of any reduction in the price in terms of the Price Variation Clause being passed on to him.

(e) The clause should also stipulate a minimum percentage of variation of the contract price above which price variations will be admissible (e.g. where resultant increase is lower than two percent, no price adjustment will be made in favour of the Seller).

(f) Where advance or stage payments are made, there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment.

(g) Where deliveries are accepted beyond the scheduled Delivery Date subject to levy of liquidated damages as provided in the Contract, the liquidated damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price Variation Clause.

(h) No price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the Seller. Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by Government or any other clause mentioned in the contract.

(j) Where contracts are for supply of equipment, goods, etc., imported (subject to customs duty and foreign exchange fluctuations) and/or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated, along with the selling rate of foreign exchange element taken into account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and Foreign exchange rates and the documents to be produced in support of claims for such variations should also be stipulated in the Contract.

(k) The clause should also contain the mode and terms of payment of the price variation admissible.

**Exchange Rate Variation (ERV)(Revenue)**

**ERV Clause:** This clause is only to be included in the contracts concluded with the sellers, in case the delivery period exceeds one year from the date of contract which involves import content (foreign exchange). The offer should indicate the import content. In case DP is re-fixed/extended, ERV will not be admissible, if this is due to default of the Seller. Base Exchange rate of each major currency used for calculating FE content of the contract
is to be indicated. The base date for ERV to be admissible would be the contract date and variation on the base date can be given up to the midpoint of manufacture unless the firm has already indicated the time schedule within which materials will be exported by the firm. Other conditions as above for price adjustment would be applicable.

**Documentation for Claiming ERV:** The following documents would need to be submitted in support of the claim on account of ERV:

- (a) A bill of ERV claims enclosing worksheet.
- (b) Banker's Certificate / debit advice detailing FE paid & Exchange rate.
- (c) Copies of import orders placed on the Sellers.
- (d) Invoice of Seller for the relevant import orders.

**Acceptance of Excess or Short Deliveries (Revenue)**

There may be occasions when excess or short supplies are made by the vendors due to various reasons like, exact multiples of the standard units of measure, or where it is difficult to mention exact weight in case of steel plates etc. These variations in supplies may be accepted with the approval of CFA, subject to the value of such excess/short supplies not exceeding 5% (five percent) of the original value of the contract. CFA will be determined with reference to the value of the original order after addition/deduction of excess/short supply.

**Indigenous Development**

In case of Indigenous development cases, the conditions for extension in delivery period or imposition of LD should be followed as provided in the chapter on design and development.

**Change of Name**

On receipt of information regarding change of name of the company, vendor should be asked to submit self authenticated relevant documents such as new certificate of incorporation issued by an appropriate Registrar of Companies (ROC) along with Novation Agreement, an undertaking by the new company.

User Directorate for (Air HQ cases)/Aqn Wing (For MoD Cases) shall process the change of name of vendor case for approval of VCOAS/VCNS/VCAS/DG(Aqn)(as applicable). Legal advice may be sought where ever required.

On grant of consent, vendor would be informed and he would have to submit new Pre-Contract Integrity Pact (PCIP), Integrity Pact Bank Guarantee (IPBG) and any other applicable financial instruments/documents bearing the new entity name.

If the firm is involved in multiple contracts, a single case should be progressed for seeking approval of the appropriate competent authority.

**Termination of Contract**
Termination of a Concluded Contract: A contract may be terminated in the following circumstances by the CFA:

(a) When the Seller fails to honour any part of the contract including failure to deliver the contracted stores/render services.

(b) When the contractor is found to have made any false or fraudulent declaration or statement to get the contract or he is found to be indulging in unethical or unfair trade practices.

(c) When both parties mutually agree to terminate the contract.

(d) When the item offered by the Seller repeatedly fails in the inspection and/or the Seller is not in a position to either rectify the defects or offer items conforming to the contracted quality standards.

(e) Any special circumstances, which must be recorded to justify the cancellation or termination of a contract.

Post Contract Management of cases approved by MoD: In all cases where the contract has been approved by MoD as CFA, all issues related to post contract management which include DP extension, imposition of LD, LC related issues and all other terms and conditions, the concurring authority would be Principle IFA and Approving authority Vice Chief/Principle Staff officer of the concerned Service(MoD order No.231(9)/2016/B.II dated 05 Jul 17 and Office Order No. 1(1)/D(Acq)/17 dated 15 Jun 17.)