

**Amendment to Purchase Manual (Issue 3 – 2013)**  
**(As approved at 299<sup>th</sup> MC meeting)**

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**Amendment - 1 :**

**i) 5.3(I) Earnest Money :**

The primary objective of submission of Earnest Money Deposit is to establish the earnestness of the bidder so that he does not withdraw, impair or modify the offer within the validity of the bid. It also helps in restricting, if not eliminating 'speculative', 'frivolous' or 'wait and see' bids.

EMD is applicable in case of open tendering. Submission of EMD is exempted in the following cases:

- a) Proprietary/Single/Limited Tender
- b) Procurement of Project materials like Aircraft systems / raw materials and services.
- c) Design & Development Projects

However, based on the technical complexity, Project lead time, etc., Division may consider inclusion of EMD clause on case to case basis with the approval of Head of Division for Sl. No. (b) & (c) above.

In other cases where ever EMD is applicable, relaxation of conditions relating to EMD, for reasons to be justified, approval of competent authority as per DOP should be obtained based on merits of each case, prior to invitation of bid. The terms & conditions, where EMD has been asked, should clearly stipulate that the offers without Earnest Money Deposit would be considered as unresponsive and rejected.

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**Amendment - 2 :**

**i) 5.3 (III) (b) Performance Bank Guarantee :**

(b) (i) Performance Bank Guarantee is applicable for Capital items having estimated value more than Rs. 50 lakhs. Division may decide for incorporation performance bank guarantee requirement in case of estimated value less than Rs. 50 lakhs based on type of item.

(b) (ii) For Design & Developmental, based on the technical complexity, Project lead time, etc., Division may consider for inclusion of Performance Bank Guarantee clause on case to case basis with the approval of Head of Division.

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**Amendment - 3 :**

**i) Para 7.2.3 Receipt of Tender :**

Existing	Amended
<p>Receipt of Tender :</p> <p>Unsealed tenders or tenders received without any marking on them or through Fax/ E-mail which get opened like other incoming mail shall be sealed by the Office of the Head of IMM Department and the same shall be put in the tender box maintained for the purpose. An endorsement on the cover shall be made that tender was received without marking and got opened in the mail. The original cover of the tender is to be preserved as far as possible. Receipt of unsigned quotations including E-Mail should not be considered. E-mail quotations digitally signed can be considered. E-mail quotation without digital signature received from Licensor, Licensors approved sources/customer nominated sources can be considered. Further, e-mail quotations without digital signature received from sources on proprietary/single tender can also be considered.</p>	<p>Receipt of Tender :</p> <p>Unsealed tenders or tenders received without any marking on them or through Fax/E-mail which get opened like other incoming mail shall be sealed by the Office of the Head of IMM Department and the same shall be put in the tender box maintained for the purpose. An endorsement on the cover shall be made that tender was received without marking and got opened in the mail. The original cover of the tender is to be preserved as far as possible.</p> <p>Unsigned Fax / Manual quotations will not be considered in Limited / Open tender. E-Mail quotation received without signature can be considered. However, E-mail quotations can be considered only after verifying quote from the vendor by way of obtaining signed quote confirmation by email. The unsigned E- mail quote is to be rejected if the bidder confirms that the bid is not submitted by him/his authorised person or no confirmation is received within the stipulated time (In one week) before forwarding bids for technical evaluation.</p> <p>E-mail quotations received without signature from Proprietary source, Licensor, single tender &amp; customer nominated sources can be considered.</p>

**ii) Annexure-11, Part-II, Clause 8 (b) Conditions of Tender (Indigenous) :**

b) The bid submitted through E-mail will be accepted subject to the same being sent to the specified e-mail ID indicated in the tender document. However, Unsigned Fax / Manual offers will not be considered in Limited / Open tender.

**iii) Annexure-12, Part-II, Clause 8 (b) Condition of Tender (Foreign) :**

b) The bid submitted through E-mail will be accepted subject to the same being sent to the specified e-mail ID indicated in the tender document. However, Unsigned Fax / Manual offers will not be considered in Limited / Open tender.

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**Amendment - 4 :**

**i) Tender Evaluation for selection of Systems for Aircraft/ Helicopters/ Accessories - Para 7.11 (c) :**

7.11 (c) In case the quantity required is high, ToT for manufacture is to be sought. This aspect is to be decided before issue of RFQ based on the product and the likely investments required considering the technology. In case of strategic technologies, ToT is to be insisted upon, in case of foreign Vendors.

In case of relaxation of requirement relating to Mfg. ToT / ROH ToT, approval of Head of Complex should be obtained based on merit of the case with proper justification for not incorporating requirement of Mfg. ToT / ROH ToT clauses in the RFQ.

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**Amendment - 5 :**

**i) Limited Tender - Para 5.6.5 (New Clause) :**

**5.6.5** For non-project materials where the estimated value is less than 5 lakhs, where registered sources are less than 5 in those cases Limited Tender can include un-registered sources based on Market survey / information available.

In case, if any, unregistered vendor participates and becomes L1 vendor against Limited tender, the order can be placed. In such case, vendor needs to be persuaded for registration before next round tendering. In case the registration exercise is not completed for next round of tendering, prior approval of Head of the Division to be obtained for inclusion of that unregistered vendor.

**ii) Vendor Registration - Para 3.5.7 (New Clause) :**

**3.5.7** Division shall ensure that procurement of material /Services are generally availed from vendors who have GST registration No.

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**Amendment - 6 :**

**i) Re-Tendering - Para 7.18.3 :**

**7.18.3** Re-tendering when resorted to shall be only after obtaining the approval of Head of Division / Level -I Executive, except in case of Para 7.18.1 (i) above. For such re-tender proposal approval Finance concurrence is not required. In case of stock out resulting in production hold up, a part quantity may be purchased on an emergent basis with justifications (reasons to be recorded in writing) after approval of authority that is authorized for approval of re-tendering. In such cases, quantity for re-tendering to be correspondingly reduced.

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**Amendment - 7 :**

**ii) Opening of tenders - Para 7.3.3 (i) (Deleted) :**

~~**7.3.3 (i)** If a single offer received against Limited / Open tender, the bid should not be opened at first instance and the same should be referred to Purchase department for necessary decision. If decided to re tender, the bid should not be opened and same should be returned.~~

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**Amendment - 8 :**

**iii) Rate Contract - Para 6.4.4 :**

**6.4.4** The rate contract entered into by any Division / Corporate office for their requirement can be utilized by other Division / Office for placement of order for their emergent requirements within the total Rate contract qty. Confirmation / concurrence is to be obtained from the IMM head of respective Division which entered rate contract for the available quantity out of RC quantity. While initiating action for Rate Contract RFQ need to include 20% additional quantity over & above assessed requirement. This would facilitate meeting additional requirement which were not envisaged earlier.

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**Amendment - 9 :**

**Duration for submission of IP**

**i) Para- 8.8.10 (c) (i)**

**8.8.10 (c) (i) :**

Vendors / bidders / sellers, only those who commit themselves to IP with the buyer would be considered competent to participate in the bidding process. In other words, entering into this pact would be a preliminary qualification. IP needs to be signed with all the bidders who have participated in a tender, IP format along with appropriate clause needs to be included in the RFQ if IP requirement arises based on HAL's estimated value (inclusive of applicable taxes & duties).

In case of competitive tender, if IP is not submitted along with the quotation / submitted with deviation by the bidder, the Division shall take-up with such bidders for submission of IP / submission of IP as per HAL format. The duration for submitting the IP / revised IP as per HAL format can be allowed up to a maximum period of 15 days from the date of opening of prequalification bid (three bid) / technical bid (two bid) and before opening of price bid. In case the IP is not received within the period specified above, the bid shall be rejected. However, 15 days period may be extended considering the merit of the case with approval of Head of Division with justification and before opening of price bid. It should be ensured that this extension should not delay the procurement process.

**ii) Annexure-11, Conditions of Tender (Indigenous), Part-II, Clause 8 (f) :**

**8 (f)** The technical bid should also include EMD in original form and Integrity Pact (if applicable). Technical bid without EMD in original form will be rejected. In case of EMD sent by SWIFT / Wire Transfer, Transaction Code should be indicated along with the technical bid. The technical bid will be accepted only after confirmation of receipt of EMD in time.

**iii) Annexure-12, Conditions of Tender(Foreign), Part-II, Clause 8 (g) :**

**8 (g)** The technical bid should also include EMD in original form and Integrity Pact (if applicable). Technical bid without EMD in original form will be rejected. In case of EMD sent by SWIFT / Wire Transfer, Transaction Code should be indicated along with the technical bid. The technical bid will be accepted only after confirmation of receipt of EMD in time.

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## **Amendment - 10 :**

### **Security Deposit:**

#### **i) Annexure-11, Part-II, Clause 16, (a) Condition of Tender (Indigenous):**

**16 (a)** Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of H.A.L from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

#### **ii) Annexure-11 A, Clause 12 (a), Rate Contract-Condition of Tender:**

**12 (a)** Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of H.A.L from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

#### **iii) Annexure-12, Part-II, Clause 16 (a) Condition of Tender (Foreign):**

**16 (a)** Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of H.A.L from a scheduled bank in India / bank of international

repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

**iv) Annexure-13 A, Clause 9 of Terms and Conditions of Contract (Canteen and Groceries) :**

**9** Wherever applicable the successful vendor, shall have to deposit 5% of the estimated value of this agreement as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) by way of crossed Demand Draft in favour of HAL, ..... Division. This amount will be returned without any interest only after the successful completion of the contract. This amount is likely to be forfeited in the event of failure to execute the contract as per the terms and conditions laid down in the agreement.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

**v) Annexure-23 A, Clause 24 (a) of General Terms & Conditions of Contract :**

**24 (a)** Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of H.A.L from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

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**Amendment - 11 :**

**Performance Bank Guarantee:**

**i) Para - 5.3 (III) (a):**

Vendor shall furnish a Performance Bank Guarantee as per HAL's format for 10% of the order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid up to end of the warranty period from a scheduled bank in India / Bank of International repute (for foreign vendor) from the date of acceptance / commissioning or otherwise equivalent amount shall be retained till completion of warranty period and other obligation of Purchase Order / contract.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the PBG to be sought on the composite value (including taxes & duties)

**ii) Annexure-11, Part-II, Clause 18 - Condition of Tender (Indigenous):**

Existing	Amended
<b>PERFORMANCE BANK GUARANTEE</b> (Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per HAL's format for 10% of order value valid till end of the guarantee / warranty period from a scheduled bank in India.	<b>PERFORMANCE BANK GUARANTEE</b> (Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per HAL's format for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid till end of the guarantee / warranty period from a scheduled bank in India.

**iii) Annexure-12, Part-II, Clause 18 - Condition of Tender (Foreign):**

Existing	Amended
<b>PERFORMANCE BANK GUARANTEE</b> (Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per HAL's format for 10% of	<b>PERFORMANCE BANK GUARANTEE</b> (Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per HAL's format for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid



order value valid till end of the guarantee / warranty period from a bank of international repute.	submitted) valid till end of the guarantee / warranty period from a bank of international repute.
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**iv) Annexure-23 A, Clause 25, General Terms & Conditions of Contract:**

Existing	Amended
Vendor shall furnish a Performance Bank Guarantee as per HAL's format (enclosed) for 10% of order value valid till end of the guarantee / warranty period from a scheduled bank in India / Bank of international repute (for foreign vendors) from the date of acceptance.	Vendor shall furnish a Performance Bank Guarantee as per HAL's format (enclosed) for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid till end of the guarantee / warranty period from a scheduled bank in India / Bank of international repute (for foreign vendors) from the date of acceptance.

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**Amendment - 12 :**

**Liquidated Damage:**

**i) Para - 8.8.8.2 :**

A clause for recovery of liquidated damages may be included. The percentage of liquidated damages shall be realistic and have a relationship to a predetermined loss which the Company may suffer on account of delayed supplies. The contract may include LD at the rate of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) and a maximum of 10% for the duration of delay, beyond the delivery schedule as per PO or the schedule acknowledged by the vendor. In case of tenderers not agreeing for LD clause, the maximum LD amount / to the extent not agreed LD value, to be loaded in the Comparative Statement, to determine the successful bidder.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the LD to be deducted on the composite value (including taxes & duties) of the delayed deliveries.

**ii) Annexure-11, Part-II, Clause 20, Conditions of Tender (Indigenous):**

Existing	Amended
Liquidated Damages: In the event of an order, we reserve the right to collect a sum of 0.5% per week of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.	Liquidated Damages: In the event of an order, we reserve the right to collect a sum of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.

**iii) Annexure-11 A, Clause 10, Rate Contract- Conditions of Tender:**

Existing	Amended
Deliveries quoted should be firm and in the event of an order, we reserve the right to collect a sum of 0.5% per week of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.	Deliveries quoted should be firm and in the event of an order, we reserve the right to collect a sum of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.

**iv) Annexure-12, Clause 20, Conditions of Tender(Foreign):**

Existing	Amended
Liquidated Damages: In the event of an order, we reserve the right to collect a sum of 0.5% per week of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.	Liquidated Damages: In the event of an order, we reserve the right to collect a sum of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.

**v) Annexure-15, Clause 14.1, Rate Contract Draft Agreement:**

Existing	Amended
<p>DAMAGES FOR FAILURE TO SUPPLY:</p> <p>14.1 In the event of failing or neglecting to supply the items within the stipulated delivery period (which expression does not include the grace period allowed by HAL) for any reason whatsoever as mentioned in Clause-7 above, or any extension thereof granted by HAL, HAL at its discretion, shall be entitled to impose Liquidated Damages and not by way of penalty a sum of ...% of the price of any stores which has failed to deliver as aforesaid, for each week or part of a week during which the delivery of such stores may be in arrears subject to a maximum of .....% of value of goods undelivered against the supply order.</p>	<p>DAMAGES FOR FAILURE TO SUPPLY:</p> <p>14.1 In the event of failing or neglecting to supply the items within the stipulated delivery period (which expression does not include the grace period allowed by HAL) for any reason whatsoever as mentioned in Clause-7 above, or any extension thereof granted by HAL, HAL at its discretion, shall be entitled to impose Liquidated Damages and not by way of penalty a sum of ...% (on basic cost only excluding taxes &amp; duties, if such details are furnished separately in the bid submitted) of the price of any stores which has failed to deliver as aforesaid, for each week or part of a week during which the delivery of such stores may be in arrears subject to a maximum of .....% of value of goods undelivered against the supply order.</p>

**vi) Annexure-23 A, Clause 9 General Terms & Conditions of Contract:**

Existing	Amended
<p>The date of delivery stipulated in the Purchase Order shall be deemed to be the essence of the Contract, and delivery must be completed on or by the dates mentioned in the Purchase Order or the tender. Should the contractor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, HAL shall be entitled at their option:</p> <p>a) To recover from the Contractor as per liquidated damages, and not by way of penalty, a sum of 0.5% of the price of any stores which the</p>	<p>The date of delivery stipulated in the Purchase Order shall be deemed to be the essence of the Contract, and delivery must be completed on or by the dates mentioned in the Purchase Order or the tender. Should the contractor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, HAL shall be entitled at their option:</p> <p>a) To recover from the Contractor as per liquidated damages, and not by way of penalty, a sum of 0.5% of the price (on basic cost only excluding taxes &amp; duties, if such details are furnished separately in the bid</p>

<p>contractor has failed to deliver as aforesaid, for each week or part thereof during which the delivery or such stores may be in arrears subject to a maximum of 10% of the price of the stores in default..... (Remaining portion of clause continues as existing)</p>	<p>submitted) of any stores which the contractor has failed to deliver as aforesaid, for each week or part thereof during which the delivery or such stores may be in arrears subject to a maximum of 10% of the price of the stores in default..... (Remaining portion of clause continues as existing)</p>
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**Amendment - 13:**

**Integrity Pact:**

- i) **Para - 8.8.10 (c), (v):** Name, e-mail id & contact number of the concerned Independent External Monitor (IEM) should invariably be cited in the NIT / RFQ.
- ii) **New Para - Clause 8.8.10, (i) - Integrity Pact**  
**8.8.10 (i)** RFQs which are issued with the requirement of IP, should be forwarded to the Independent External Monitor (IEM) along with copy of advertisement (wherever applicable), through e-mail only (with a copy to Corporate Office-IMM).

**Amendment - 14:**

**DGS&D Rate Contract:**

- i) **Para 6.1, (c) & (d) :**  
  
DGS&D has introduced Government e-Marketplace (GeM) portal to facilitate online procurement of common use Goods & Services required by various Government Departments / Organisations / PSUs.  
  
HAL is authorized to operate rate Contract of DGS&D can place online supply orders on DGS&D e-portal / GeM (Government e-Marketplace) portal against DGS&D Rate contracts. All supply orders against DGS&D Rate contract shall be placed online to treat such transactions under the purview of DGS&D rate contract. HoDs of Departments / Offices should register themselves in the GeM as primary users. Primary users shall have access to create secondary users from IMM, Finance & stores who are the actual buyer, paying authority & receiving authority. General Terms & Conditions of purchase of goods & services in Government E-Marketplace (GeM) would be applicable.

GeM may be utilized for direct online purchases. Guidelines issued time to time from Ministry on DGS&D, needs to be followed. The current guidelines are as follows:

- (i) Upto Rs 50,000 through any of the available suppliers on the GeM, meeting the requisite quality, specification, availability of service centres, past experience with the OEM and delivery period etc.
- (ii) Above Rs 50,000 through the supplier having lowest price amongst the available suppliers on the GeM, meeting the requisite quality, specification, availability of service centres, past experience with the OEM and delivery period etc.

**Amendment - 15 :**

**i) Annexure-I, Table B, 4<sup>th</sup> row - Responsibilities of Various Departments:**

Existing	Amended
Where two bid systems are proposed, commercial bids are opened only for the technically acceptable offers after the approval by the competent authority	Where two bid systems are proposed, commercial bids are to be opened (for the technically accepted offers) after the approval by the competent authority as follows: (i) CFA up to Level-II : Respective CFA. (ii) CFA - Level-I & above : Level-I / Head of Division.  CFA will be determined based on MPR/CPR estimated value.

Note: Applicable to Approval for opening of Commercial bids (2 Bid system).

**Amendment - 16:**

**Buy-back of old used furniture and hiring of items like Photocopiers :**

**i) Para 5.2, part-II, Others, para (w) & para (x) (Newly included):**

- (w) While procuring furniture, where ever feasible, the option of buyback of used / old furniture by the vendors may be considered. Accordingly, the RFQ need to be framed.
- (x) The system of hiring items like photocopiers on lease basis, with payment on per copy basis may be explored prior to initiating procurement action for the equipment.