

HAL
Excellence in Aerospace & Defence

PURCHASE MANUAL

Issue 04





















PURCHASE MANUAL

(Issue 04)

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HINDUSTAN AERONAUTICS LIMITED

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FOREWORD

Purchase Manual, which provides a step-by-step guide for procurement of goods and services was initially introduced in the Company in the year 1985, and was subsequently revised in October 2007 and September 2013.

During the last few years there has been substantial changes to purchase policies and further the Government of India had introduced certain policies related to Public Procurement under "AtmaNirbhar Bharat".

I am pleased to note that Integrated Materials Management (IMM) Department has brought out the Revised Purchase Manual (Issue 4-2023) considering the recent changes / amendments in policies and Circulars / Guidelines issued from time to time. It is expected that the updated Purchase Manual would meet the needs of changing procurement scenario.

I congratulate the Team-IMM and all stakeholders in bringing out the updated Purchase Manual-2023. I do hope that this updated Manual would immensely benefit the users, especially those involved in the procurement process.

(C.B. Ananthakrishnan)

Place: Bangalore
Date: 05 Jan, 2023

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Chapter - 1

INTRODUCTION

1.1 The Company's functions have been de-centralized with different Production and R&D Divisions working independently. This has necessarily resulted in de-centralization of Purchase functions with each Division having its own Purchase Department.

The Purchase department is part of Integrated Materials Management (IMM). The IMM department comprises of three departments i.e. Material Planning, Purchase and Stores department. The manuals for each of these departments have been released for reference and use by all the concerned.

The purpose of Purchase Manual is to standardize the procedures for procurement of Goods and Services across the Company. The Purchase Manual is intended to serve as a guide to all officers and staffs working in the Purchase department and other relevant departments.

Computerization and transparency required in Public Procurement resulted in development of e-Procurement, GeM, e-Reverse auctions, e-payments and Centralised Vendor Management, etc. These aspects have a great bearing in improving productivity, transparency, etc. These aspects have led to a need to further revise the Purchase Manual to bring it in line with work in current requirements.

This Manual brings out broad framework of Purchase Procedures. The personnel involved in the Procurement should take decisions considering the prevailing situation/case and process the case.

With dynamic market condition, emphasis is for carrying out the Purchase activity following all the Rules and regulations set by the Government and adhering to the Canons of Financial Propriety.

1.2 Duties and Responsibilities of Purchase Department

a) Preparation of RFQ and tendering

b) Receiving quotations/ Tender opening, commercial vetting, evaluation of quotes and compilation of comparative statement.

c) Convening and coordinating Divisional Purchase Committee (DPC) meetings for proposals initiated by Purchase dept.

d) Arrange for negotiations if any,

e) Arrange for Long Term Business Agreement/Rate Contract if any.

f) Issuance of Purchase order after coordination with Finance and approval of proposal at Division/Complex/Corporate Office level as the case may be.

g) Purchase order progression for ensuring availability of material in time.

h) Ensure prompt payment to Vendor as per Purchase Order terms.

i) Follow up of replacement/rectification against any rejections and warranty claims.

j) Vendor evaluations and directory.

k) Coordinate with regards to contract management, licence agreement, co-production agreement etc.

l) Resolve commercial dispute/ arbitration.

m) Preparation of Purchase Budget

n) Tendering, evaluation and finalization of the Service Contract for Services as defined in DoP.

o) General

i) M.I.S. to various agencies

ii) Compilation of procurement/ commercial data bank

iii) Commercial policies/ policy matters

iv) Training & Development

v) Computerisation/ E-Commerce.

1.3 This manual supersedes all previous purchase manuals. However, any specific guidelines or circulars issued from time to time by Department of Expenditure (DOE) or any other department under Government of India (GOI) will be considered suitably by HAL for implementation and accordingly, Corporate Office (CO) will issue necessary guidelines.

1.4 The specific part of the manual will be amended from time to time on need basis and soft copy of such updated manual with incorporation of all amendments will be made available in HAL intranet portal for usage by HAL personnel. Even such updated Purchase Manual would also be hosted on HAL website.

1.5 Clarification on Procurement Procedure

Clarification to the laid down procurement procedure (including post tendering issues) will have to be referred to CO-IMM Policy Cell by Head of IMM along with clear recommendation of Material Provisioning Committee (MPC) for CO clarification. Procurement Procedure Clarification Committee/ IMM Policy Cell in Corporate Office will review the clarifications and provide its recommendation. If any amendment to the Purchase procedure, if considered required, the same will be put up to Management Committee (MC).

1.6 The contents of this Purchase Manual covers gist of all circulars and updates till Oct'2022, however, the procuring entities/ divisions are advised to check and comply the provisions in the relevant circulars/ guidelines issued from time to time by Corporate Office. In many cases, this manual is covering the gist of the circulars/ guidelines. Further, the respective websites of various departments/ ministries under Govt. of India is expected to have information about such policy/ guidelines in detail. Furthermore, future changes in the procurement procedure will be issued in the form of circulars/ guidelines by Corporate Office and in most of the cases without amending this manual. Accordingly all the dealing officers need to be abreast on such circulars/ guidelines issued from time to time for implementation.

1.7 'Head of Division' (including 'Divisional Head') shall mean the executive who is heading the Division/ Office/ HMA, etc. or the Department (in case of Corporate Office), but not lower than Level-I executive.

Chapter - 2

PURCHASE OBJECTIVES, FUNCTIONS AND ORGANISATION

2.1 Objectives

2.1.1 The fundamental principle of procurement function is to ensure

a) Efficiency, economy and transparency by following procedures fairly and objectively.

b) Competition wherever it is non-proprietary, non-licensor procurement and non-customer nominated source.

2.1.2 The purchase procedure outlined in this manual is applicable for procurement of Goods and Services and aims to fulfill the following objectives:

a) To ensure uninterrupted/timely flow of materials, equipment & services of goods of required quality to meet and support production plans and other requirements of internal and external customers.

b) To buy competitively and wisely authorize supplies to desired specifications from approved/reliable sources at the available reasonable prices within the time schedule to support production plans and other requirements.

c) To ensure that fair open and uniform purchase practices are followed to develop healthy and long term relationship with Vendors and to foster the commercial and technological interest of HAL in the local, national and international market.

d) To ensure timely formulation and commitment of purchase budget, including foreign exchange requirements.

e) To serve as information center on materials knowledge prices, sources of supply, specifications etc. to all other departments.

f) To ensure that investment made on inventory is at an optimum level and continuously strive for reduction in material costs, Capital costs and Overhead expenses. Develop sources of supply to maintain competition and sustained supplies.

g) Training of purchase personnel in the latest techniques of Materials Management.

h) To keep management appraised of the likely shortfalls in purchase performance by introducing appropriate reporting systems with a view to seek management's intervention in time.

i) To adhere to commercial procedures & maintain cannons of financial propriety to safeguard economic, legal and other interests of HAL. Commercial procedures cover the Purchase Manual as well as guidelines issued by way of Materials Management Circulars/ CVC guidelines/ MoD instructions etc. from time to time

j) To minimise the procurement cycle time.

k) To encourage and promote the capabilities of Indigenous sources.

2.1.3 Basic Aims of Procurement – The five R's of Procurement

In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following five parameters called the Five R's of procurement. The entire process of procurement (from the time the need for an item, facility or services is identified till the

need is satisfied) is designed to achieve such a right balance. The word 'right' is used in the sense of 'optimal balance'.

i) Right Quality

Procurement aims to buy just the right quality that will suit the needs – no more and no less – with clear specification of the procuring entity's requirements, proper understanding of functional value and cost, understanding of the bidder's quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value. For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while benchmarking the specification.

ii) Right Quantity

There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged use. Hence, the right quantity should be procured (in appropriate size of contract) which balances extra costs associated with larger and smaller quantities.

iii) Right Price

It is not correct to aim at the cheapest materials/ facilities/ Services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for a facilities/works/ services which could lead to a situation of non-performance or failure of contract).

iv) Right Time and Place

If the material (or facility or services) is needed by an organisation in three months' time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials/ facilities/ services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

v) Right Source

Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

2.2 Purchase Functions

Purchase Department is responsible for the following functions:

a) Creation of a comprehensive and regularly updated directory of selected reliable vendors and exchange the same with other Divisions to expand sources of supply.

b) Maintenance of vendor evaluation and rating records.

c) Carry out Market surveys with a view to establishing/developing new reliable and better sources of supply and keep updated with information on latest products/developments.

d) Analysing bids/offers for decision-making by the Competent Authority.

e) Arranging negotiations with Vendors, when necessary.

f) Issue of Purchase Orders in time.

g) Follow-up of Purchase Orders till the arrival of materials and acceptance at destination and to ensure after sales service during warranty and post-warranty periods.

h) To finalize the required rate contracts/ Long Term Agreements for regular stock items.

i) To work out periodically procurement lead time for various categories of items from international and local markets and advise the same to user departments so, that they take timely action in initiating purchase requests. Maintaining a library of product catalogues and manufacturers/ distributor's price lists etc.

j) Maintaining a library of product catalogues and manufacturers/Distributor's price lists etc.

k) Maintaining up to date information regarding statutory taxes and duties.

l) Submit MIS reports and other periodic returns.

m) Entering into service contracts in line with the DoP.

n) Finalisation of Commercial Terms & Condition and operation of licence agreements in coordination with project/production engineering.

o) To ensure that objectives of purchase are realized.

p) To be alert about and responsive to the changes in production programme and change in requirements of material.

q) Ensure timely payments to Vendors.

r) Promote procurement in line with the guidelines issued by Govt. of India from time to time.

s) To ensure that all personnel dealing with procurement are required to undergo training on the procurement procedures and guidelines issued by HAL from time to time to achieve professional standard in their work. Only personnel who have undergone training are to be authorized to deal with procurement process. Training of at least one week to be imparted to the personnel under the supervision of an officer of IMM department nominated by Head of Department of IMM of the Division/ Complex/ Corp. Office as may be applicable.

2.3 Purchase Organisation

2.3.1 The Purchase Department shall be organised, depending on the work load at the Division in such a manner as to efficiently discharge the Purchase functions.

2.3.2 Integration of the purchase function with other functions of materials management like planning, stores, transit etc. at an appropriate level shall be based upon needs of the Division. An optimum balance between having as much centralization as possible and as much de-centralization as necessary will be implemented.

Chapter - 3

CLASSIFICATION OF MATERIALS

3.1 For efficient purchasing, it is necessary that the relevant classifications of materials are properly understood, so that suitable purchasing methods may be adopted for the purchases in question. Broadly, the following classifications are pertinent to HAL purchases:

3.2 Capital Equipment

3.2.1 Capital equipment consists of machine tools, plant, office equipment, workshop/office furniture, vehicles etc. The requirements of capital items for the Divisions are sanctioned by the Board in the annual purchase budget. The Planning/Facility Department, in consultation with the Purchase Department, should draw up a detailed plan to meet the commitments.

3.2.2 Capital Purchase Requests (CPR) are to be raised by the Planning/ Facility Planning/authorised officer and upon approval, same to be provided to Purchase department.

3.2.3 A detailed procedure for Capital Procurement is given in **Chapter 8.**

3.3 Direct Project Material/ Production Material

Direct Project Materials or Production Materials are those which form part of the end product and are either directly consumed in production/Overhaul or are required for supply against indents/ RMS order/ Customers' orders. These are raw materials, consumables, components, spares and accessories, castings and forgings etc., which go into the manufacture/repair/overhaul of Aircraft/Engine and other Systems/ end products. The bulk of the production materials in the aircraft industry falls in the category of bonded/ aero materials and is required to be purchased only from approved sources. (Refer **Chapter 4**). Such stores are required to be covered by Release Note/ Airworthiness certificate or any other document as prescribed by Quality, bearing the signature of an approved inspection authority. The requirement of production material is linked with production programme of the Company and Material Purchase Requests are to be raised by Material Planning/Control Department.

3.3.1 Indigenisation/ Development of Alternate Source of Project Materials

i) MPR to be raised by Indigenisation/ DLE/ Design department for development/ prototype quantity only with indication of tentative future annual quantity requirement in line with prevailing Make-I/ Make-II procedure of HAL. However, Competent Provisioning Authority (CPA) should be decided based on the estimated value of the total requirements of development phase and production phase.

ii) After successful development/Indigenisation, towards regular production/ programme requirements, Material Planning/ Project department should raise MPR as per prevailing guidelines.

iii) In case of indigenization, while processing Development Orders, it is to be ensured that the CFA for its approval is determined appropriately as per prevailing Indigenisation Policy.

3.4 Overhead Materials/ Commercial Materials

All other types of materials which are not directly used in production but are required for the production process or functioning of the organisation are classified as overhead materials/ commercial materials. Such materials fall under two main categories:

3.4.1 **Stock Items:** These are regular consumption items where stock levels are maintained and procurement initiated based on re-order levels. Such items are required to be stocked for issue as and when required.

3.4.2 **Non-stock Items:** Demand for such items arise based on specific requirements of user departments as per Material Purchase Requisition (MPR)/ First Time Requirements (FTR) raised by user departments and the same shall be got approved by Functional/Sectional/Divisional Head as per DoP (Level I, II & III). In such cases, approved MPR to be provided by Indenting Department to Purchase Department for procurement. Such materials will generally be issued to respective users immediately upon receipt against MR as given/ generated from ERP.

3.4.3 **Tool and Gauges:** The material purchase request for these items shall originate from Tool Planning Department. This category of items includes hand tools, standard/special cutting tools, measuring gauges, jigs, fixtures, grinding wheels and honing stones. Quality and volume of production largely depends on timely supply of accurate tools and precision gauges. It is, therefore necessary that dealings are restricted to only reliable sources which should be approved after visiting the manufacturers, facilities and surveying their processes and quality assurance methods, financial soundness and commercial standing. MPRs for non-standard tools shall be approved by concerned Production Engineering/ Project Heads under Level I, II, III in DoP.

3.4.4 **Ground Handling Equipment (GHE), Ground Support Equipment (GSE) and Bay Support Equipment (BSE)**: MPR/ SPR for procurement/ indigenisation/ repair/ any service of these items should be raised by Tooling dept. or User dept. or any other department assigned with these items. In case of indigenisation, such MPR should be coordinated by Indigenisation/DLE dept. and should be in line with prevailing Indigenisation policies such as Make I/ Make II, etc.

3.4.5 **Maintenance Spares including Vehicle Spares:** The supply of Maintenance spares is vital to keep the factory's capital equipment/ machine tools/ plant in serviceable condition. At the time of selecting plant and equipment, special care shall be taken to study in detail the after - sales services offered by the Vendor and Plant Maintenance Department shall undertake VED analysis in order to restrict purchases only to inescapable insurance items. Commonly available spares of general nature, like belts, bearings, lamp filaments etc. shall not be purchased in bulk and attempts shall be made to establish local reliable sources and where possible rate contracts shall also be finalised so that plant maintenance can avail of these facilities directly avoiding delay. Material purchase Requests for these items shall be raised by Plant Maintenance Department. Head of Maintenance or his authorised representative to give approved MPRs to IMM. The list shall be reviewed by Maintenance at least once in a year.

In case of procurement of spares required for maintenance of equipment/machine beyond warranty, possibility of purchase of spares from OEM of spares need to be explored before resorting to procurement from OEM of equipment/machine.

3.4.6 **Civil Engineering Requirements**

a) Material Purchase Requests for items of Civil Works like steel, Cement, Pipes, Sand, Bricks, Sanitary items etc. will be raised by Civil maintenance and approved by competent authority for provisioning as per DOP.

b) Civil items of emergent nature may be purchased by Civil department directly through Imprest or Petty purchase**.**

c) Other Civil items of emergent nature/ small quantity/ occasional requirement may be purchased by forming Local purchase committee through Spot tendering. Local purchase committee will have representatives of Civil, IMM and Finance.

3.4.7 **Welfare Items**

a) HR Department shall raise Material Purchase Requests and approved as per competent authority for provisioning as per DoP for welfare items such as uniforms, personal utility items and requirement for running the canteen services etc.

b) Generally non–provisioning/ non-receipt of welfare items in time can create industrial unrest. Therefore, their timely availability even on short notice needs to be ensured. Welfare items of emergent nature may be purchased by HR department directly through Imprest purchase, as given under heading “Imprest Purchases” in **Chapter 7.**

c) Other Welfare items of emergent nature/ small quantity/ occasional requirement may be purchased by forming Local purchase committee through Spot tendering. Local Purchase committee will have representatives of HR, IMM and Finance.

3.4.8 Medicines and Hospital Requirements

a) The Chief of Medical Services or an officer/Committee authorized by him shall assess the requirements of Hospital related items including medicines and other pharmaceutical items, based on projected consumption, stocks available and shelf life. The sources and mode of procurement (including proprietary) shall be indicated by the authorized officer/committee. Officer nominated by Chief of Medical Services shall raise MPRs for the requirements so assessed and approved by competent authority for provisioning as per DoP. Source recommended by the committee and incorporated in MPR is final. Committee to maintain a directory of approved Vendors and periodically reviews and update. In order to control inventory and to ensure prompt supply of correct medicine, the ordering and receipt shall be handled in close association with the Chief of Medical Services who will nominate a Medical Officer for the same.

b) The requirements of First Aid Centre located at various divisions to be procured by purchase department under Chief of Medical Services and supplied to respective First Aid Centres.

c) Purchase Department, in co-ordination with the Chief of Medical Services, shall carry out market survey and enter into rate contracts with manufacturers/ accredited dealers for supply of medicines at the Hospital/Government controlled bulk rates. For emergent requirements and for medicines needed infrequently or in small quantities, local reliable dealers shall be appointed.

d) In order to meet the day to day requirement of M&H unit/ Hospital including the requirement of inpatient, if considered appropriate, rate contract(s) may be explored as an option with sources that are in the local vicinity offering the best discount from MRP at the same time ensuring the maximum available shelf life.

e) Emergency purchase of medicines shall be regulated as per Delegation of Power for M&H units/ Hospital.

f) High value & life-saving medicines: A Committee headed by COMS, IHC-Bangalore and consisting of reps. from all IHC of HAL situated at various geographical locations will decide the high value & life-saving medicines to be procured, with recorded reasons. COMS may co-opt any other member/s, if required, with recorded reasons. IHC, Bangalore may take necessary action for procurement of such medicines centrally or on the basis of Corporate Rate Contract. IHC-Bangalore is Nodal Division for such procurement.

3.4.9 Miscellaneous: In respect of items which are not covered in the above Material Purchase Requests shall be raised by the head of the user department as per the delegation of powers.

3.4.10 All Non-Project stock items’ MPRs will be raised by Stores dept. and certified by user department for quantity and specification & any specific sources and approved by competent authority for provisioning as per DoP. Wherever more than one user department is involved, consolidated requirement to be certified by Stores Department.

3.4.11 Services

a) "Services" will mean any subject matter of procurement other than the "Goods" or "Works" and includes all services such as Hiring & Maintenance of Transport, Canteen, Repair/AMC/ Calibration of Machinery/Equipment/GSE/GHE/Computer including Medical & Office equipment, Repair of furniture, Operation & Maintenance Contracts, Performance Based Maintenance, Repair/Overhaul of Aircraft/Engines LRUs/Rotables outside HAL, engagement of agency for recruitment of personnel, Freight Forwarder, IT implementation/support, Printing, Publication, Laundry, Binder or any other activities not covered under the "Works" as per Works Manual and the definition of "Works" as given in Para 3.4.13 of Works Manual. Services may include small works or supply of goods which are incidental or consequential to such services. For "Services" purchase procedure will apply. The guiding principle will be for Maintenance of Assets, the procedure i.e., Purchase or works, which is applicable for acquiring the subject assets will also be applicable for maintenance of such assets. However, maintenance of assets, which generally fall under Capital Equipment/Goods even though same were acquired through Works procedure and do not require to deploy manpower for full time, should be done through Purchase Procedure. After award of the contract by the Purchase Department, the monitoring of the execution/completion of the contract along with required certification and other technical and statutory compliance shall be the responsibility of the Indenting/User Department. Services involving deployment of Man power for full time will not be covered under Purchase Procedure. This will have to be covered under the category of Works Procedures e.g. AMC for machine maintenance, work packages involving full time deployment of manpower within the factory/ office premises.

b) User/Indenting Dept. responsible for various procurements are as indicated in **Annexure - 1.**

c) For Repair/Overhaul of Aircraft, Engines, LRUs and Rotables i.e. all project items, MPR format **(Annexure - 9)** may be followed in place of SPR format **(Annexure - 10)** with due accountability in ERP system.

d) For procurement of Services from OEM or OEM Authorized/Nominated Service Centre or Licensor Authorized/Nominated Service Centre or Source specifically developed by HAL, Certificate for Service Procurement **(Annexure - 33)** approved by Level-I executive should be enclosed along with the SPR.

3.4.12 Approval for MPRs/ SPRs/ CPRs: MPRs/ SPRs/ CPRs raised by various groups as identified above has to be coordinated by Finance and approved by the Competent Provisioning Authority (CPA) as specified in DoP.

3.4.13 Definitions

a) "Goods" will include all Articles, Materials, Commodities, Furniture, Fixtures, Raw Materials, BOIs, LRUs, Consumables, ATF, Spares, Instruments, Commercially off the Shelf (COTS), IT Hardware, Machinery, Equipment, Vehicles, Aircraft, Tools, Test Equipment, GSE/GHE, Books and Stationeries, Medicines & Medical Supplies, Uniforms/Clothing, Gifts/Mementoes, intangible products (e.g. technology transfer, licenses, patents, software or other intellectual properties) and any other similar category of articles purchased or acquired. Procurement of goods may include certain small works or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance. In respect of Tool or GSE/GHE, if the item is COTS or if it is entirely designed and manufactured (including materials) by the vendor as per HAL's Specifications, it should be considered under "Goods". For these items, the Purchase Procedure shall apply.

b) "Works" will include all new civil constructions including interior/ exterior decoration works, infrastructure development, other Engineering works like Electrical, Mechanical, HVAC, Crane, low voltage works, Fire Alarm/ Sensor, Access Control, CCTV, computer networking, Fire Fighting, Compressed Airlines, utilities, runways, including additions/ alterations/ renovations for

the above works, demolition of existing structures, site preparation, periodical services, repair maintenance to buildings, electrical/ mechanical/ water supply installations and similar category of works as defined in Works Manual. Engineering and Maintenance services as defined in Works Manual shall also come under the category of Works. All service contracts involving full time manpower supply with payment/reimbursement to service provider on attendance/ applicable Minimum wages basis (Including those specified in Works Manual, but excluding hiring of manpower for IT Support), shall also be awarded as per works procedure e.g., Contracts involving hiring of manpower for activities in shops, offices, stores etc. will also be considered under 'Works'. Works Procedure will be applicable in these cases. For hiring of manpower for IT Support, purchase procedure will be followed.

c) "Outsourcing" is simply defined as any task, operation, job or process that should /could have been performed by HAL within or outside HAL, is instead off-loaded to a third party. The work could be performed by the third party either within or outside HAL premises, termed as In-Sourcing or Outsourcing, respectively. In respect to Design or Production related requirements, all activities with measurable output in terms of Man-Hours, Number of Parts/Jobs/Activities, etc. shall also be considered under this category. Tools and GSE/GHE (other than as defined under "Goods") including wherever drawings are provided by HAL will be categorized under "Outsourcing".

d) "Project items" shall mean all Goods/ Services/ Outsourcing activities procured for meeting the requirements against Customer Order/Contract or under project/ R&D projects approved by Board or Board Committee.

3.4.14 Placement of orders/ contracts for Design & Development and Indigenization shall be done in line with Financial Power for 'Goods' delegated in DOP.

Chapter - 4

MARKET EXPLORATION AND SOURCE SELECTION

4.1 The main objective of the Purchase Department is timely procurement and supply of material to the indenting departments. Receipt of materials ahead of time would be a burden on the cash flow of the Company and add to inventory carrying costs. It is therefore important that right source is contacted. To achieve this aim each Division shall carry out intensive market survey and prepare a register/ Database of Approved Vendors. The following procedure shall be followed in respect of market survey, source selection and registration of Vendors in each Division.

4.2 Market exploration, Vendor sourcing and registration of approved Vendors shall be the responsibility of the Head of the IMM Department in each Division. For regular reference the Division shall maintain the list of approved Vendors in the format as prescribed by ERP system **(Annexure - 3)**, in database format. Such database will be readily reproducible or printable as follows:

The vendor directory is required to be maintained with category and sub-categories of goods/services (refer **Annexure – 3A**) for which the vendor has been registered. This would help in selecting the correct Vendor for sending enquiry for different categories of goods/services.

a) Product wise Vendors with category/sub-category

b) Alphabetically listed Vendors

4.3 The Divisions shall utilize the database of other Divisions for widening their source of supplies.

a) The databases shall be regularly updated, once in two years.

b) A separate list of items proprietary in nature with details of vendor to be maintained by the division and to be updated.

c) It is suggested to have a separate cell under IMM for the above.

4.4 Vendor Sourcing

4.4.1 Potential Vendors will be identified from one or more of the following sources:

A) Design Documents:

a) Proprietary sources as specified in the aeronautical products design documents.

b) Sources identified in TOT agreements.

B) Published Sources:

A number of sources may be identified from published sources. The following is a representative list and not limited to-

i) Vendor Directories

a) Kompass

b) ABC Inventory

c) Jane's Directory

d) SBAC

e) Gifas

f) World Aviation Directory

g) Internet and On-line Directories like ILS (Inventory Locator Service) etc.

h) Thomas's Register

i) Directory of Indian Industries

ii) Industry Sources

a) Industry associations

b) Trade associations

c) Trade papers, Journals and Purchase Magazines

d) Professional Associations

e) Industry Buyer's Guides

f) Various Aeronautical Magazines

g) Sources from various embassies of foreign countries/ Indian Embassies in foreign Countries and Trade Consulates.

h) Classified telephone directories

i) Manufacturers' catalogs, sales literature and self-introductory letters.

iii) Random Sources

a) Trade and Product Shows

b) Sources suggested by known, qualified agencies

c) Customer nominated sources/Customer web portal of approved vendor.

d) Responses received against regular open tenders.

e) Through pre-qualification advertisements issued by the Division.

iv) Others:

a) Sources identified and approved by other Divisions.

b) Indigenisation Compendiums prepared by various Divisions of HAL.

c) Compendium of Registered Firms for Aeronautical Stores approved by DGAQA, DTD&P(Air), Ministry of Defence, and firms approved by DGCA.

d) OEM Sources identified from the information/ labels/ part numbering on products supplied by non-OEMs.

e) Converting OEM's part numbers to MIL standard or other aviation standards part numbers and identifying sources of supply.

f) OEM authorized distributors/stockist

g) Mill approved stockist

h) OEM registered with Federal Service for Military – Technical Co-Operation (FSMTC, Russia)/ Ex-CIS Government.

i) Sources approved by other DPSUs & GeM

C) Centralised Vendor Directory (CVD) uploaded on HAL intranet portal.

4.4.2 Format as per ERP **(Annexure – 3)** shall be used for suggestions to include a Vendor in the Directory. This form may be filled up by anyone in the concerned departments including IMM.

4.5 Vendor Registration

4.5.1 Each Division may issue an advertisement for registration of Vendors in Central Public Procurement Portal (CPPP) at www.eprocure.gov.in. The advertisement is also be hosted in the HAL's Website. The advertisement should indicate HAL web address from where the application can be downloaded/uploaded.

4.5.2 Firms who seek registration on their own may also be considered for registration. A party who has been registered as a Vendor in any of the Divisions of HAL shall be considered for registration as approved Vendor by other Divisions and issue of tenders for similar items of the same class/nature without resorting to the formality of application and scrutiny. Necessary records may be called for from the Divisions who have registered them. In case of different class/ nature of items (which is not included during registration), Division may seek necessary documents/ data from the vendors for inclusion of the items/ vendors in the vendor directory. At any point of time during the validity of vendor registration if it has come to the knowledge of the division, any change in the information with reference to the details provided at the time of registration, the same needs to be updated and/or independent verification by the Division may be carried out if considered necessary.

4.5.3 Firms seeking registration will be responsible for disclosing complete and correct information. Once registered, they will also be responsible for sending information updates on their own, within one month of any changes.

4.5.4 Firms desirous of registration shall be requested to register on HAL e-Portal or shall be issued with Form at **Annexure - 5 & 5A** (in case of Indian Vendors) or Form at **Annexure – 6 & 6A** (in case of Foreign OEMs) or form at **Annexure – 7 & 7A** (for Foreign stockist/distributors). The forms shall be issued free of cost. Though, as per the registration form, details of three years are being sought, the same should not be considered as eligibility criteria for registration as an approved vendor. In case of start-ups and vendors who are furnishing data for one to two years, depending upon commencement of their business/establishment of facilities, committee may decide on merits for registration of the vendor considering their facilities and expertise.

4.5.5 It is observed that some of the manufacturers of repute/ public sector undertakings normally do not apply for formal registration. In such cases, IMM Department shall send the applicable form to prospective Vendors, informing them of HAL's intentions to include their name on the approved Vendor list and gather details about their products/ capabilities/ financial standing etc. Such firms may be registered with exceptions also (to be recorded) upon specific approval of Head of Division, even if they have not furnished the full details but they are considered potential vendors based on past transactions/reputation of organization/ brand image/ leading position in market etc.

4.5.6 Vendors are to be advised to register through e-procurement portal at https://eproc.hal-india.co.in.

4.5.7 Vendors registered in other Defence PSUs will be considered as Deemed Registered. This Deemed Registration will enable the vendors to participate in all future tenders of HAL for similar category of goods/services subject to fulfillment of other eligibility criteria indicated in the RFQ. However, prior to placing of order, in case the vendor is selected after following the due process/procedure, all the formalities relating to completion of regularization of the Registration Process as per the extant procedure of this will have to be completed.

4.5.8 Division shall ensure that procurement of materials/services are generally availed from vendors who have GST registration no. for all such items falling under GST ambit.

4.5.9 Vendors identified through GeM tendering and if they are not already included in HAL's vendor directory, such vendors may be registered by a division by following the vendor registration process, if procurement from the vendor is repetitive in nature and need could arise for resorting to tendering outside GeM. However, GeM verified vendor should be considered as registered vendor for HAL with the approval of Head of Division, by enclosing PAN, GST Certificate, Bank Mandate or cancelled

cheque, Udyam Certificate (if applicable) and undertaking for Sl. no. 4 & 5 of **Annexure - 5** from the vendor and other relevant documents (screen shot, etc.) from GeM portal.

4.5.10 Ministry of Corporate Affairs (MCA) portal https://www.mca.gov.in facilitates to see the details of Company, like Corporate Identification Number (CIN), Registered address, date of Incorporation, etc. and Names of its present Directors. This verification can be done even without registration to the MCA portal. However, with registration, Portal enables the concerned to see details of past and present directorship of any Directors with their Director Identification Number (DIN), without payment of any fee. Details obtained from the MCA portal need to be apprised to the Vendor Registration Committee before the vendor is considered for registration. In case it is found out that any of the Directors of this company was also a Director in some other company which has been Debarred/ Removed from the Approved vendors list either by HAL at Company level or by Ministry of Defence, the same need to be corresponded or treated as per the laid down procedure prevailing at that point of time.

4.5.11 Besides verifying Director details while carrying out Vendor Registration even verification of the Promoter/s details etc. as furnished by the vendor as part of Vendor Registration Form may also be taken up for verification of antecedents as far as possible.

4.5.12 Procurement of spare parts and other essential service support like Annual Maintenance Contract (AMC)/ Comprehensive Maintenance Contract (CMC), including consumables, from Original Equipment Manufacturers (OEMs) or their authorized representative/s, shall be exempted from the requirement of registration.

4.6 (a) **Design Development**

Tender/RFQ to be published (through a link) in Central Public Procurement Portal (CPPP) at www.eprocure.gov.in with broad scope of work, qualification requirements and the criteria of selection spelt out besides sending requests to known and likely source and source that hold current approval from CEMILAC/DGAQA for design and development. The tender/ RFQ also needs to be hosted with full details/ documentation available at HAL's Website.

However, in case Nil response to a tender in the first instance and press advertisement is necessary for tendering, the same can be issued with the approval of respective authority as per CO Guidelines, as applicable. Even ab-initio, if it is considered press advertisement necessary for tendering, the same can be issued with the approval of respective authority as per CO Guidelines, as applicable.

(b) **Indigenisation**

For indigenisation, policy/ procedure such as Make - I, Make - II, etc. as published and revised from time to time should be followed. Generally division could adopt open tendering method for such procurement. However, in specific cases considering value of procurement being small, urgency for procurement, etc. and where adequate capable sources are known, the RFQ may be issued on Limited Tender basis with the approval of Head of Division.

(c) **Source Selection Criteria for Development and Supply of Flight Safety Items (as identified by Design/DLE/Licensor)**

Bidders/Vendors must possess AS9100D or higher version certification.

4.7 Based on above, a list of approved Vendors, identified for a product or a class of product, shall be prepared after taking into consideration their capabilities, capacity and other factors.

4.8 Approval

4.8.1 Registration or Re-registration of Vendors will be done based on recommendations of a Vendor Registration Committee consisting of representatives from Finance, Quality Control, IMM, Methods and

User Department wherever applicable, to be constituted with Head of Division approval. The committee shall consider one or more of following criteria:

a) The Vendor is called up in Design Documents/ ToT agreement/ Technical documents of particular aeronautical product.

b) The Vendor for Aeronautical items shall have necessary authorization to supply such items.

c) Technical capability and production capacity

d) Financial soundness/stability

e) Quality assurance

f) Past performance

g) Reputation of Vendor's product

h) After-sales service organisation and depth of service

i) Details of major customers

4.8.2 The committee may obtain requisite details from concerned vendors to arrive at their recommendations. If required, the committee may visit/ inspect the works/ business premises of the Vendors applying for registration.

4.8.3 It is to be ensured that the Vendor possesses the necessary professional, technical, financial and managerial resources and competence required. In case of stockist/distributors of proprietary items document evidencing OEM's authorization to be made available. In case of items of common use or standard specification items the information of stockist/distributors available in the OEM's web portal/ catalogues can be considered.

4.8.4 The suggested parameters for scrutiny of application forms submitted by vendors shall be as per the format **(Annexure - 5, 6 & 7).**

4.8.5 In case of stockist/distributors of foreign OEMs located in foreign country, credentials to be established through information obtained vide **Annexure - 7.** If required, credential to be established by a team visiting the stockist/distributors or through Indian Embassy based in the vendor's country.

4.8.6 The application along with required documents submitted by the vendor for vendor registration with HAL should be processed within 6 weeks. Based on the findings and recommendations of the committee, Head of IMM department shall recommend the vendor/s to Head of Division for formal approval with initial period for five years or even for less period. After Head of Division's approval the vendor shall be allocated a registration number in format as prescribed by ERP system and advised the registration number allotted to them vide Vendor Registration Certificate (**Annexure – 8**). To avoid creation of duplicate Vendor ID in ERP, PAN/ GeM ID of Indian Vendors and DUNS no. of Foreign Vendors should be obtained. The vendors who are not yet on-boarded on Centralised Vendor Directory (CVD) need to be taken up by division for inclusion in CVD as per laid down guidelines. CVD should be updated concurrently along with the registration/re-registration.

4.8.7 In case if the vendor is not recommended by the Vendor Registration Committee for registration then the In-charge of Vendor Registration Cell shall intimate the Vendor regarding the reason for non-registration, after obtaining approval from the Head of Division.

4.9 IMM Department can re-register the vendors by obtaining information afresh as per vendor registration requirement, and update the records.

4.9.1 As for as re-registration process, as and when such action is initiated, the concerned dealing officer need to verify both (a) the centralised data on debarred firm/vendor and (b) divisional/ complex data of firms whose name have been removed from the list of approved Vendors. After checking these details and confirming if the vendor is not found in the above lists or their validity of debarment/ removal of

name from approved list is over, the dealing officer would initiate the process for re-registration. Endorsement regarding this aspect should also be made in the internal file/ paper apprising competent authority while seeking approval for re-registration.

4.9.2 The approved registered vendor may be re-registered for up to another 5 years, if the Vendor is classified as Class 'A' consecutively for last 3 years ratings. However, few important documents such as PAN, GST Certificate, Bank Mandate or cancelled cheque, Udyam Certificate (if applicable), Quality Certificates (if any) and undertaking for Sl. no. 4 & 5 of **Annexure - 5** should again be obtained from Indian Vendor. For Foreign Vendor, documents as felt necessary may be obtained.

4.9.3 After obtaining approval for re-registration from Head of Division, Vendor Registration Certificate **(Annexure – 8)** indicating the previously allotted Registration Number shall be issued to the Vendor.

4.10 At any point of time during the validity of vendor registration if it has come to the knowledge of the Division any change in the information with reference to the details provided at the time of registration the same need to be verified and updated.

4.11 A concerted effort shall be made to update the vendor directory with detailed category of items against each vendor. This will help in selecting right vendors for tendering and to obtain competitive offers.

4.12 Vendor Master Manager (VMM)

4.12.1 Division must identify Vendor Master Mangers (preferably grade IV to VI from IMM department) as approved by the Divisional Head to undertake the creation of new vendors/ modification in the vendor details with two layered controls in ERP. In smaller divisions, where VMM cannot be identified from IMM department due to man power constraints, VMM can be identified from other departments with the approval of divisional head. VMMs will not have any rights to conduct any direct activity in the payment process. Division can also define a fall back option in form of an alternate officer to conduct the activity while the primary VMM is on leave/TD.

4.12.2 User department will raise the request for creation/ modification of the vendor details in the e-file which will be routed to VMM. It is the duty of the user department to enclose the documents like cancelled cheque, approval of the competent authority, etc. wherever applicable in the e-file.

4.12.3 All changes made to vendor details especially with respect to Bank account details by the VMM must be intimated to all the internal stakeholders and the respective vendor through LAN/e-mail.

4.13 Updation/ Change in Vendor’s Name and Address

4.13.1 Head of IMM is authorised to approve the updation of vendor’s name and/ or address. For this purpose, vendor’s request letter for the change in name/ address with supporting legal documents should be obtained.

4.13.2 The copy of the approved note sheet shall be forwarded to Vendor Master Manager (VMM) by user department for updation of vendor’s name/ address and original note sheet should be retained in the office of the Head of IMM/ Vendor Registration Cell for record.

4.13.3 Further, a confirmation message to vendor should be sent for the change in name/address after incorporating in ERP database.

4.14 Creation/ Change in Vendor’s Bank Details

4.14.1 At the time of Vendor Registration, the Bank Account Details along with Supporting Documents (refer **para 4.14.3**) shall be sought from the vendor. After approval/ registration, bank details need to be created in ERP database while generating vendor’s database.

4.14.2 Wherever Bank Details are not available, following methods for creation/ updation of bank details of the vendor should be followed:

a) The bank/ account details of the vendor should be obtained along with supporting document/s (refer **para 4.14.3**).

b) After obtaining the supporting documents or verification of Bank Account Details, approval from Head of Division should be obtained for creation of the Bank account details and subsequently, approval of Head of IMM should be obtained for any updation of bank account details of the vendor. However, for all such new vendors only for EMD purpose, bank account details can be created with the approval of Head of IMM/OS/Works.

c) In case of ordering through GeM or any other one time procurement (e.g. Petty/ Imprest/ Spot tendering, etc. type of low value procurement), the vendor ID including their Bank Account details of a new vendor can be created in ERP with the approval of Head of IMM/OS/Works.

d) Copy of approved note sheet should be forwarded to VMM for creation/ updation of bank details of the vendor and original note sheet should be filed in the office of the Head of IMM for record.

e) Further one vendor may have more than one bank accounts. Hence, provision for same (i.e. having more than one bank accounts) should also be provided in ERP system.

f) The concerned Vendor shall be informed by the Division for any change in Bank account details, after updating the Bank account details in IFS-ERP.

g) Bank Account Details shall be created/ changed/ updated in IFS-ERP after obtaining approval from the Competent Authority as mentioned above with concurrence of Finance.

4.14.3 Supporting Documents for Bank Account Details

a) Indian Vendors i.e., incorporated/registered in India are required to submit Bank Mandate or cancelled cheque or Bank Statement duly authenticated by the Bank.

b) For any item/service purchased through GeM portal, Bank Account Details of the vendor available on the GeM portal shall be considered. Screenshot of the Bank Account Details may be placed in the file.

c) Foreign vendors are required to send Swift message (MT 199) indicating their Company name and Bank Account Details through vendor's Bank to HAL Bank (Division to mention the SWIFT Code (11 digits) of nearest Forex dealing Bank). The Foreign Vendors are required to enclose the copy of such swift message sent to the Bank indicated by HAL along with their Technical Bid or Vendor Registration Application or request for change in Bank Account Details, as the case may be. This Swift message may be verified by the Division with the concerned Bank. If any charges levied by the concerned Bank, the same may be charged to HAL account or needs to be paid from Recoupable Imprest.

d) In case

   i) RFQ is issued to Single Foreign source (i.e. Proprietary, OEM, Licensor, etc.) 'or'

   ii) Request for change in Bank Account Details are received from Single Foreign source (i.e. Proprietary, OEM, Licensor, etc.)

   and 'Swift message (MT199)' is not received/available from the vendor. The following procedure may be followed:-

   - 'Bank Mandate issued by vendor's Bank' or 'Bank endorsement of Account Details on the vendor's letter head' may be considered.
   - Further, Supporting Document submitted (against earlier RFQ) by the vendor & verified by HAL may also be considered.

4.14.4 **Verification of Bank Account Details of Foreign Vendors in the absence of Supporting Document for existing PO/Contract (wherever Bank Account Details are not part of the PO/Contract)**

a) For existing vendor in other Division/s: Division should check with the vendor if they are supplier to any other Division/s of HAL and the vendor is agreeing to receive payment to that Account, then confirmation from CPPC shall be obtained regarding payment is already made to that Bank Account of the vendor by other division/s (Division/s name to be indicated). Based on the confirmation from CPPC, needful action for processing payment to be taken.

b) For Vendor not existing in other Division/s: Verification through Swift message (MT199) by HAL:

i) After obtaining the Bank Account Details from the Foreign Vendor in their letter head (hard copy or scanned copy), the letter in the attached format **(Annexure - 34)** may be sent to the Division's nearest Forex dealing Bank by the Head of the concerned Dealing Department of the Division for verification. If any charges levied by the Bank, the same may be charged to HAL account or needs to be paid from Recoupable Imprest.

ii) Division to follow-up with the concerned Bank for getting the confirmation. If confirmation is not received within 2 weeks, 'Bank Mandate issued by vendor's Bank' or 'Bank endorsement of Account Details on the vendor's letter head' shall be obtained and considered.

4.14.5 While issuing RFQ, Division shall include a suitable clause in the RFQ to obtain the Bank Account Details of the Vendors. Bidders shall be asked to submit the Supporting Documents (refer **para 4.14.3**) confirming their Bank Account details. In case of non-receipt of such supporting documents, bidders shall be informed to submit the same within 15 days of 'Bid Submission Date' indicated in the RFQ otherwise the bid will be liable for rejection.

4.14.6 In case of GeM Procurement, where Bank Account Details of the Vendor is not available while putting up the Purchase Proposal, Division shall ensure that the Bank Account Details of the vendor are available in IFS-ERP prior to release of the Purchase Order (PO)/Contract in IFS-ERP.

4.14.7 The PO released or the Contract awarded to the Vendor must contain the Bank Account Details of the Vendor.

4.14.8 After release of PO/award of Contract, for incorporation of or any change in Bank Account Details of the vendor in PO/ Contract, approval of appropriate CFA shall be obtained in line with prevailing DOP considering the case as PO amendment without any financial implication. The copy of such approval shall be provided to CPPC while advising the Payment.

4.14.9 In case the Bank Account Details in the Invoice is not matching with that mentioned in the PO/Contract, a confirmation shall be obtained from the Vendor for making the payment in the account mentioned in the PO/Contract. Else, supporting documents shall be sought from the vendor and above mentioned procedure to be followed for change in Bank Account details.

4.15 Finance department should provide the confirmation to IMM department on any swift messages or online transfer of money received in HAL account after verifying with the concerned bank.

4.16 Removal of Firm's Name from the Approved List

4.16.1 A firm/vendor may be removed from the list of approved Vendors, if on account of its performance or other disabilities, it is no longer considered fit to remain on the approved list. Orders, removing a firm/vendor from the list of approved Vendors, will not be endorsed to Agencies/Departments other than HAL divisions/offices.

4.16.2 A firm's name may be removed from the approved Vendors' list for one or more of the following reasons:

a) Failing or neglecting to quote in response to invitation to tender for 10 successive enquiries, for their range of products.

b) Failing to execute the contract/order as per contractual obligation/ to 'HAL satisfaction', except in case of Force Majeure Conditions.

c) Failure to abide by the agreed terms and conditions under which contract was signed or purchase order placed and such failure do not permit for any exemption.

d) Making a false declaration to HAL.

e) Repetitive failure to meet Quality standards or when concerned Aeronautical Authorities have withdrawn, or denied renewal of, approval of the Vendor as Vendor of aeronautical stores.

f) Scoring a vendor rating of less than 50 consecutively for over last 3 years ratings.

g) When the required technical staff or equipment is no longer available or there is a change in the production line at vendor's site.

h) The firm is declared bankrupt or insolvent.

i) The Directors of the firm are convicted of any criminal offence

j) The retention of the firm's name in the list of approved Vendors is not in public interest.

k) If there is strong Justification for believing that the proprietor or employee, or representative of the firm has been guilty of malpractices such as bribery, corruption, fraud substitution of bids, interpolation, misrepresentation/ misinformation/ poor or substandard quality of work/ evasion or habitual default in payment of any tax levied by law.

l) Recommendation by Divisional Vigilance.

m) Resort to corrupt practices, unfair means and illegal activities during any stage of tender/bid/contract to secure a contract, even in cases where PCIP is not mandated.

n) If the firm continuously refuses to return Company (Corporate Office, Complex/Division) dues without showing adequate cause, and is satisfied that this is not due to a reasonable dispute, which would attract proceedings in arbitration or court of law.

Note: If removal of firm's name has been done on this account, Division would also communicate with all other Divisions of HAL to explore/ensure for recovery of outstanding dues from the other Divisions operations.

o) If the firm/party employs a company servant, dismissed/removed on account of corruption, or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt Company servants,

p) Any other reasons, which might disable the Vendor from satisfactorily performing the execution of likely contracts or purchase orders.

4.16.3 Head of IMM shall recommend removal of the firm from the Approved Vendors List for any of the above reasons. In such a case an opportunity for representation by the vendor to be given to respond within a time period of 15 calendar days. The firm's name shall be deleted from the divisional vendor directory after obtaining Head of the Division's approval in case the vendor fails to provide justifiable reason for continuation. Order removing a firm from the list of approved Vendors shall be communicated to Vendor Master Manager/ IT for de-activating/removal of vendor. Such an order shall also be endorsed to other Divisions for their information and caution. Copy to be marked to respective Vigilance department of the Division for information. In case the same division has empanelled/e-registered the vendor in the HAL e-portal, post such deletion in the divisional vendor directory, the division would also take necessary action for de-empanelment of the vendor in the HAL e-portal.

4.16.4 In case, Division feels the necessity to removal of firm's name to be made applicable beyond the Division and within the Complex, in such case, concerned Division will initiate the proposal along with detailed justification for extending removal of firm's name across complex and recommendation forwarded to complex for seeking the approval of concerned FD/CEO. After the approval, the concerned Division shall circulate the order to all other Divisions/Offices of respective complex for compliance and shall also be endorsed to all Divisions/offices of other complexes for information and caution. Besides, all other aspects of information to Vendor Master Manager/IT & Vigilance departments of the concern Divisions would also to be done by the initiating Division.

4.16.5 Information about removal of firm's name from the approved vendor list shall be communicated to the firm immediately by the concerned Division after approval of removal of firm's name by Competent Authority.

4.16.6 The firm shall not be considered for fresh registration for a minimum period of one year or for such extended period(s) not exceeding three years as may be considered appropriate by Competent Authority (as indicated at **para 4.16.3/ 4.16.4**) based on IMM's recommendations of respective Division. Once removed, the name of a firm may not be restored on the approved list unless it satisfies the normal registration requirements and the competent authority is satisfied that the firm should be re-registered for which clear speaking orders must be attached by the Competent Authority. During such period(s), offers received from such firms against open tender shall not be considered.

4.16.7 In case removal of firm's name has been done across the complex, the Division which has initiated for removal of firm's name should only take up for fresh round of registration after completion of removal period, if vendor approaches HAL for registration.

4.16.8 If at any stage it is revealed that the proprietor or any of the partners of the firm whose name has been deleted from the approved list is a working partner in any other firm registered with HAL or has managed to get the deleted firm registered with a new name, the name(s) of such firm(s) shall be deemed as deleted from the approved Vendor's list.

4.16.9 **Business dealings with any Firm, whose name has been removed from the list of approved Vendors**

Depending upon level of removal (i.e. at divisional or complex level), during the period mentioned in such removal order, the division or divisions under the complex shall not issue any enquiry/RFQ and offer received from such firms against Open tender will not be considered as a valid offer. Contracts concluded before the issue of the removal order shall, however, not be affected by such order and shall be continued. Payments against such executed contracts should also be done.

4.16.10 Any on-going procurement process needs to be handled in line with **para 4.18.13** considering the Removal of Firm's name similar to Debarment of the firm confined to the concerned Division/Complex based on level of removal.

4.17 Debarment of Business Dealings with Firms

Note: The terms Suspension and Banning are replaced with one heading - termed as "Debarment".

4.17.1 **Debarment of business dealings with a firm shall be of following types:**

a) Debarment by the Company including its attached and subordinate offices.

Note: Above point "a" covers both Banning and Suspension aspects under one heading "Debarment" and such order applies across the company. The reason for proposing Debarment at company level is for notified major causes or other causes the vendor is generally a Vendor across several Divisions and it could be ideal to take up Debarment across the Company.

b) Debarment by the Ministry of Defence including its attached and subordinate offices or by DoE-Ministry of Finance.

4.18 Debarment by the Company

An order for Debarment of business dealings with a firm by the Company implies that all Divisions/Departments/Offices of the company are forbidden from dealing with that firm and its allied firms also.

4.18.1 Debarment of business dealings with a firm may be ordered by the competent authority on acceptance of any one or more of the follows grounds.

a) If security considerations including question of loyalty to the state so warrant.

b) If the proprietor of the firm, any of its partners or the Company itself is convicted by a court of law following prosecution by the Central Bureau of investigation or Directorate of Enforcement or any other investigating agency under normal process of law for offences involving moral turpitude in relation to business dealings.

c) If there is strong Justification for believing that the proprietor or employee, or representative of the firm has been guilty of malpractices such as bribery, corruption, fraud substitution of bids, interpolation, misrepresentation/ misinformation/ poor or substandard quality of work/ evasion or habitual default in payment of any tax levied by law.

d) Violation of Pre-contract Integrity pact (PCIP) (Where such PCIPs are entered into between the Division and firm)

e) Violation of mandatory clause in the contract of agents/ agency commissions.

f) Resort to corrupt practices, unfair means and illegal activities during any stage of tender/bid/contract to secure a contract, even in cases where PCIP is not mandated.

g) If the firm continuously refuses to return Company (Corporate Office, Complex/Division) dues without showing adequate cause, and is satisfied that this is not due to a reasonable dispute, which would attract proceedings in arbitration or court of law.

Note: If Debarment of business dealings with a firm has been done on this account, Division would also communicate with all other Divisions of HAL to explore/ensure for recovery of outstanding dues from the other Divisions operations

h) If it comes to the notice of HAL that, the firm/party employs a company servant, dismissed/removed on account of corruption, or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt Company servants,

i) If at any stage, it is discovered by HAL that a person, whose Company/firm had been debarred dealings earlier and during the validity period of debarment again enters HAL with a new/different name of his company or as a partner of another company,

j) Using corrupt or unfair means to gain advantage.

k) Recommendation of Vigilance duly approved and by an officer not below the rank of Director of the Company.

l) Firm is doubtful loyalty to India.

m) Pending full enquiry into the allegations, if it is considered undesirable that business with the firm should continue.

n) Government Order to that effect

o) Gross negligence or default in dealing with HAL tender(s) or RFQ(s)/ Purchase Order(s) or contract(s) or agreements(s) not covered in grounds listed in above in accordance with provisions in contract or agreement.

p) Any other ground for which the competent authority may determine that Debarment of business dealings with a firm is essential.

4.18.2 The concerned Division shall initiate a proposal for "Debarment of a firm at company level" with detailed reasons along with justification and recommendation to be forwarded through its Complex Office to IMM department, Corporate Office.

4.18.3 Orders for Debarment a firm shall be passed by Head of IMM, Corporate Office with prior approval of Director, with a provision to appeal to CMD.

4.18.4 The order of Debarment of business dealings with a firm will be issued for such specified period as the competent authority may deem fit. For the grounds listed in **para 4.18.1 (a) to (n)** above, the period of Debarment of business dealing with a firm shall not be less than six months and not more than 03 years. For the grounds listed in **para 4.18.1 (o) & (p)** above, the period of Debarment of business dealings with a firm shall not be less than six months and generally should not exceed two years. In exceptional cases the competent authority may order a longer period of Debarment of business dealings with a firm, as deemed appropriate, but not permanently.

4.18.5 Orders of Debarment of business dealings with a firm may be extended to its allied firms by specific order of the competent authority.

4.18.6 Such an order shall be endorsed to and automatically implemented by all of the Company/ Complexes/ Divisions/ Offices/ Departments including their attached and subordinate offices.

4.18.7 A Debarment order shall be circulated by CO-IMM to all Complexes/Divisions/Departments/Offices. Copy of such order to be marked to CVO for information.

4.18.8 No contract of any kind whatsoever shall be placed with a debarred firm, including its allied firms by all Departments/offices of the Company after the issue of a Debarment order. In case of joint venture/ consortium is debarred, all partners will also stand debarred for the period specified in Debarment Order. The names of partners should clearly be specified in the "Debarment Order". Contracts concluded before the issue of the Debarment order shall, however, not be affected by such debarment order and shall be continued. Payments against such executed contracts should also be made. No fresh enquiry will be issued to such firm. Even in cases of risk purchase, no contract should be placed on a debarred firm.

4.18.9 No order of Debarment of business dealings with a firm shall be made without issuing a show-cause notice. An opportunity for representation by a firm to be given to respond within a period of 20 days from the date of issue of a show-cause notice indicating the reason for such proposed action. Head of IMM shall examine the written response received from the firm and submit the proposal to the Competent Authority for appropriate decision.

4.18.10 In case response to show cause notice is not received from the firm within 20 days of issue of show cause notice, a reminder will be sent to the firm to respond to the show cause notice immediately. If still, no response is received within 30 days from the date of issuance of initial show cause notice, then action against the concerned firm shall be initiated by the concerned IMM Head.

4.18.11 The Competent Authority shall be appraised that all the procedures mentioned above are followed or not, while seeking approval for Debarment of business dealing with a firm.

4.18.12 Information about Debarment of Business dealings of a firm shall be communicated to the firm immediately by the concerned Division after approval of Debarment of a firm by Competent Authority.

4.18.13 Any on-going procurement process need to be handled as below:

a) Where L1 determination has not yet been done will be progressed after excluding the bid involving firm with which the business dealings are Debarred. In case there are only two bidders, one being the firm with which business dealings are debarred, the procurement will be progressed as per extant provisions of HAL Purchase Manual after excluding such firm.

b) Where L1 determination has already been done and the firm whose business dealing are debarred has become the L1 bidder, then the bid of the debarred vendor should not be considered for PO placement and the order can be placed on the next lowest vendor after matching to L-1 price. If the next lowest vendor does not agree to match L-1 price, the tender will be cancelled and fresh procurement process may be initiated as per **para 8.21** of Purchase Manual.

c) In case any procurement has been taken up from debarred firm as a proprietary source/Licensor, approval of Competent Authority as per **para 4.18.14.1** of Purchase Manual is to be taken for accepting the offer and placing order.

4.18.14 Business dealings with any Debarred Firm

4.18.14.1 No future enquiries to be issued to the firm with which business dealings are debarred. In case of bidder being a proprietary in nature and there is a compulsion to continue business dealings with them and is essential with relation to maintenance of existing fleet/ production facility, the same need to be resorted after getting necessity of requirement certificate from concerned Divisional Head against firm requirement from customer and approval for doing business need to be obtained from CMD. In case the same proprietary vendor is already covered under Debarment category as published by Ministry of Defence, the guidelines as stipulated in Ministry of Defence would prevail for doing business dealings with such firms.

4.18.14.2 During the Debarment period, offer received from such firms against Open tender will not be considered as a valid offer.

4.18.14.3 In the meantime, company would also explore the possibility of developing alternate source for such items to avoid dependency of seeking supplies& services from such Debarred vendor.

4.18.15 Review of Revocation of Debarment Order

4.18.15.1 An order for Debarment passed for a certain specified period shall be deemed to have been automatically revoked on the expiry of that specified period and it will not be necessary to issue a specific formal order of revocation, except

i) An order of Debarment passed on account of doubtful loyalty or security consideration shall continue to remain in force until it is specifically revoked.

ii) Any such grounds other than doubtful loyalty or security consideration, even upon completion of specified period and if found to be in continuous default, then the provision for automatic revocation ceases to apply.

4.18.15.2 An order of Debarment on grounds of conviction by Court of Law may be revoked if, in respect of the same facts, the accused has been wholly exonerated by a court of law.

4.18.15.3 The Division/Complex who initiated the Debarment of the firm or recommended for Debarment may, on representation or appeal from the firm or for any other well founded reasons, review and recommend revocation of such Debarment orders, for approval by the same authority who has originally approved the Debarment. Revocation order must be unambiguous and very clear in justifying for such revocation.

4.18.16 Recovery of outstanding dues from Debarment firms

In case, any outstanding dues are pending from Debarred firms due to rejection or non-supply of material where advance payment made, the Division need to recover the amount equal to pending payment due from Debarred firms through other Divisions due for payment to firms against their order(s).

4.18.17 Maintenance of up to date list of firms issued with Debarment and Removal of a firm's name from the approved list

All the Divisions/Offices shall be responsible for keeping an up to date list of firms against whom orders of Debarment or Removal have been issued. Corporate Office (IMM) also maintain the Directory of firms with whom Business dealings have been Debarred /Removed and hosted on HAL intranet portal (IMM Dashboard).Corporate Office (IMM) will issue amendments to the "Directory of Firms with whom Business Dealings have been Debarred/Removed" as and when additions/ deletions to the same take place and also update the directory of Debarment/Removal of firms on HAL intranet portal for local accessibility.

4.19 Debarment by the Ministry of Defence including their attached and subordinate offices or by DoE-MoF

4.19.1 Ministry of Defence takes up for Debarment of firms which shall be applicable for Ministry Services & DPSUs under the Ministry of Defence. Similarly DoE-Ministry of Finance also takes up for Debarment of firms which shall be applicable across all Ministries & CPSUs.

4.19.2 In this regard, Ministry of Defence issued **Circular no. 119/Vig.I/2012/D(Vig)/DDP dtd. 13.02.2017** to all concerned which covers guidelines to be followed for penalties in business dealings with a firms and Debarment of firms from Bidding. MoD-DDP/ MoD(Vigilance) would web host or circulate the list of vendor who fall under Debarred/ Put on hold/ Suspension/ Restricted procurement from firms to all concerned for information & needful action. Such web hosted information will be available in public domain under MoD website (https://www.mod.gov.in/archive/news) or any new reference as provided by them from time to time.

4.19.3 Similarly, DoE-Ministry of Finance issued **Circular No. F.1/20/2018-PPD dtd. 02.11.2021** to all concerned which also covers guidelines on Debarment of firms from Bidding. DoE-MoF would maintain the master list of debarred firms and it would be displayed in public domain either in DoE website or Central Public Procurement Portal.

4.19.4 Corporate Office (IMM) would also circulate such circulars as & when received to all HAL divisions for information and needful action. Besides this all such circulars are also hosted in HAL intranet. The current location is indicated as follows: IMM Dashboard –> Circulars –> IMM circulars: Banning or Suspension.

4.19.5 For these Debarred vendors, no separate Debarment action will be taken by the Company/ Complex/ Division. However, all the laid down guidelines for handling these debarred vendors as per prevailing guidelines issued by Ministry of Defence & DoE-MoF need to be complied.

4.20 Definitions

a) Firm: the term ‘firm’, used in the above para includes an individual or person, a company, a cooperative society, a Hindu undivided family and an association or body of persons, whether incorporated or not, engaged in trade or business.

b) Proprietor: This term includes directors of a private limited company, members of a Hindu undivided family, a member of an association of persons and a Director of a Public Limited Company.

c) Allied Firm: All concerns, which come within the sphere of effective influence of the Debarred firms, shall be treated as allied firms. In determining this, the following factors may be taken into consideration:

   i) Whether the management is common;

   ii) Majority interest in the management is held by the partners or directors of Debarred firm;

   iii) Substantial or majority shares are owned by the Debarred firm and by virtue of this, it has a controlling voice.

4.21 Reimbursement of fee/charges paid to Certifying Agency by a Micro Enterprise, Small Enterprise or Startup Company (having Vendor Rating as Class A for the last 3 years) towards the first time AS9100 certification, may be made on need basis, after the certification and after obtaining approval from CFA as per DOP, subject to declaration that no other funding is availed by the Vendor for the Certification. Division should obtain clearance from CO-Quality Dept. before processing the reimbursement and inform CO-Quality Dept. after the reimbursement. CO-Quality Dept. should maintain the record of all such vendors to whom reimbursement of certification charges is made.

Chapter - 5

ASSESSMENT AND AUTHORISATION OF REQUIREMENTS FOR PURCHASE AND SCRUTINY

5.1 Purchase Request

All purchase requirements are to be properly assessed and are to be formally authorised by the competent authority as per the delegation of powers in force. The provisioning of the materials needs to be done with utmost care taking into account the available stock, outstanding dues/supplies, the past consumption pattern, average life of the equipment/ spares, item on order, approved production program/ performance budget, status of indigenization, delivery under indigenization, already placed purchase orders, status of modifications, lead time of supply and manufacturing, etc.. The requirements also need to be properly consolidated so as to get the most competitive and best prices with staggered deliveries wherever feasible. Purchase request to be raised if practicable by grouping similar type of items. The requirement can also be consolidated vendor-wise taking into consideration the annual requirement. The requirements should not be bifurcated/split, without valid reasons or to avoid approval from higher authorities. Any MPR which is issued for an item for a particular project in less than 6 months from the previous MPR for the same item under the same project will amount to splitting unless the same is necessitated due to additional orders received in the interim period or increase in production plan. Procurement for production hold up or AOG requirement is not considered as splitting. In case of RMSO/ AOG/ ARS requirements, provisioning/ procurement action can be done independently, to prioritise the supplies, without clubbing with any other requirement**.** Draft Supplementary Agreements (DSAs) negotiated against different indents/MPRs, if processed separately, shall not be considered as splitting. No purchase action is to be initiated without a valid written request. Purchase requests shall be raised as per details given below:

a) **MATERIAL PURCHASE REQUEST (MPR)**: Form **Annexure - 9** shall be used by indenting departments for all revenue items. MPR for Project Materials should accompany with Material adequacy statement/ review sheet based on Production Programme/ task (includes manufacturing and ROH programme). The bill of material certified by Production Engineering/ Methods Engineering/ Process Planning department and amended from time to time is the base document. In respect of Repair/Overhaul programme for the Mandatory/Non-mandatory spares along with P-factor to be certified by Production Engineering. For recurring requirements efforts should be made for entering into LTBAs/ LTRAs. However where MoQ/ Standard package size is involved the same can be considered.

b) **SERVICE PURCHASE REQUEST (SPR)**: Form **Annexure - 10** shall be used.

c) **CAPITAL PURCHASE REQUEST (CPR)**: Form **Annexure - 11** shall be raised by the Head of Planning or any other officer specifically authorised for purchasing the sanctioned capital equipment.

d) **PETTY PURCHASE REQUEST (PPR)**: Form **Annexure - 12** shall be used.

e) **URGENT PURCHASE REQUEST (UPR)**: Form **Annexure - 13** shall be used.

5.2 Estimates

As the estimated rate is a vital element in establishing the reasonableness of prices, it is important that the same is worked out in a realistic and objective manner on the basis of prevailing market rates, Last Purchase Prices (LPP), economic indices for the raw material/ labour, other input costs, wherever

applicable and assessment based on Engineering estimates, intrinsic value etc. Preparation of estimated rates by merely extrapolating the last purchase price or by applying a uniform yearly compounded escalation over previous price may not be sufficient. It should be ensured that the estimates are not accessible to outside agencies. Estimates which are more than one year old or where there is a drastic change in the market can be revised before the tender/bid opening (technical bid in case of two bid system) with the approval of Head of Division where CFA for provisioning is Head of Division or below, and approval of concerned FD/CEO in case where CMD/CEO is the authority for approving for provisioning. Estimate once made shall not be revised after opening of commercial bids. In case it is found that due to assumptions adopted that estimates are not realistic, the same shall be brought to the notice of CFA at the time of approval of the purchase proposal. Budgetary quote, if required, can be obtained from minimum three Vendors if LPP is not available/ very old (more than 5 years)/ not relevant currently and technical estimate cannot be made. If less than three budgetary quotes are available, specific reason to be recorded in the file. Where more than one budgetary quote is received, the estimate should be framed on an average of the budgetary quotes which will reduce variations and fluctuations.

5.3 Material Provisioning Committee (MPC)

MPC meetings should be held regularly at the Divisions, at least once every week, with all members present. Head of Division may review/issue necessary directives to ensure compliance. The MPC to be chaired by Head of Division with Head of Planning, Head of Finance, Head of Quality, Head of Design liaison, Head of IMM as members and Head of Material Planning as member secretary for MPC. Other members can be co-opted on need basis. Purchase personnel, generally, should not be part of Material Provisioning Committee. However, on need basis for specific cases they can be invited for deliberation.

5.3.1 Member Secretary shall ensure that Indenting Sections/ Material Planning have given all required documents like specifications, drawings, list of probable vendors in case of MPRs/SPRs/CPRs for discussion during the meetings. As per **Chapter 3**, various departments are authorized to raise the MPRs covering their requirements, and all such departments should ensure their MPRs are prepared on above lines and presented to MPC at the scheduled meetings for review/discussion/approval.

5.3.2 MPC shall always refer to “Adequacy Statement” prepared by Indenting Section, in accordance with enclosed format, and submitted with every proposal.

5.3.3 Formal minutes of every meeting recording MPRs/SPRs/CPRs discussed, the discussions held and decision taken in each case, shall be issued by the Member secretary of the MPC.

5.3.4 Approval by circulation shall be resorted to, only in exceptional cases, where the MPR/SPR/CPR cannot wait for next meeting to take place. In such cases, the movement of MPR/SPR/CPR shall be by hand/ e-File.

5.3.5 All provisioning of value calling for approval from Level I and above should be cleared through MPC. All provisioning on single tender basis should also be cleared by MPC.

5.4 Scrutiny of Purchase Requests

5.4.1 Purchase requests are to be scrutinized preferably within 2 working days of their receipt by the concerned officer.

5.4.2 Scrutiny of purchase requisitions shall cover the following points:

a) Description of Part No., Code No., Specification, Quantity, etc., indicated appears to be correct.

b) Catalogue number is given against each item wherever required.

c) Drawings, wherever applicable, are enclosed in sufficient number of sets.

d) In case of repeat purchase, last purchase price, and source of supply is mentioned.

e) Delivery requested is realistic.

f) Price estimate is realistic and the basis of preparation is kept in record.

g) Purchase request for imported capital items is supported with technical justification for import and catalogues/ pamphlets describing the machine tools.

h) CPR shall also make reference to item serial No. in the Capital Budget.

i) Site preparation status/ likely completion date has to be mentioned in CPR, wherever installation and commissioning is involved.

j) The officer after scrutiny shall endorse clearly the tendering mode on the purchase requisition and send the same to purchase assistant for further progression.

5.5 Provisioning for Repair Overhaul of Aircraft/Engine Components & Test equipment

a) 1st time Repair Overhaul (ROH): The charges for repair/overhaul are known only after OEM/licensor examines the items. In such cases, the items can be dispatched to the vendor on 'zero value' Purchase Order based on provisioning approval by Head of Division.

b) Subsequent arisings of ROH: Unserviceable LRUs/ Rotables/ other items can be consolidated based on the estimate and previous ROH charges. Approval of CFA for provisioning is to be taken. Item can be dispatched to OEM/Licensors on Zero value PO.

c) Amendment of the PO after receipt of repair charge will be approved by CFA as per DoP.

d) Long Term Repair Agreement: Attempt should be made based on firm & forecast repair arising for next 3 – 5 years. LTRA can be entered with OEM & licensors.

e) Item can also be repaired through OEM approved Repair Centers. In case of availability of more than one such centre, limited tendering procedure to be followed.

5.6 Provisioning for Materials

5.6.1 Procurement action in normal course, should be processed based on requirements of all items for:

a) Repair and Overhaul (ROH) Task / Rotable Repair Task (RRT) -

Provisioning based on firm task and forecast tasks available from Customers put together up to 5 years can be approved by appropriate Competent Provisioning Authority (CPA). The ordering to be done as per appropriate DOP clause considering staggered deliveries or LTBA, wherever feasible.

However, provisioning up to 5 years in the following exceptional scenarios shall be approved by FD/ CEO:

i) Item is taken up for Indigenisation with realisation timeline within 5 years.

ii) When Forecast task from the Customer is not available. In such cases, the forecast for up to 5 years can be assessed independently by HAL based on past trend, failure data, projected changes in fleet strength and other relevant information.

In these scenarios, ordering with staggered deliveries should be done for the quantities for which firm tasks is available from customer and up to the realisation timeline of indigenisation. LTBA should be done for the remaining quantities without firm commitment from HAL.

In case of the Platform is planned/ declared by the Customer for phasing out, provisioning/ ordering should be done up to the phasing out period but not exceeding 5 years.

b) ARS items (Non-Rotables) - Not exceeding 24 months requirements listed by customer for supply against anticipated demand.

c) Manufacturing programmes / projects, Performance Based Logistics (PBL) & RMSO - based on firm orders from Customers or with Internal funding approved by appropriate CFA as per DOP over total programme duration, considering staggered deliveries wherever feasible.

d) AOG for supply of spares - Based on AOG letter received from Customer with an assurance of covering RMSO. This AOG letter should be treated as firm order for procurement action. However, such orders pending covering RMSO as approved by Level-I and below executives to be reported to the concerned FD/CEO. The FD/CEO to monitor such cases periodically till receipt of the covering RMSO.

5.6.2 The assessment of requirements needs to be judiciously made based on the above guidelines, and considering the lead time, stock position, orders in pipeline, consumption trend/past data, shelf-life, estimated warranty requirements/ obligations, aircraft fleet-life, Licensor's data, technical input and any other relevant information.

5.6.3 Further, provisioning (including tendering actions up to PO Stage) towards anticipated RMSOs against budgetary quotations submitted to Defence Customers, need to be made exclusively, without clubbing the requirements at **para 5.6.1** above and as per the Corporate Office Guidelines issued in this regard from time to time.

5.6.4 While taking up Design and Development of a new platform, as far as possible, LRUs/ Systems/ Sub-Systems sourced from Indian Companies should be utilised. Import of LRUs/ Systems/ Sub-Systems (may include one or more LRUs) by a R&D Center/Production Division for any new design & development projects as well as during upgradation programmes of existing platforms should be with approval from a committee consisting of Director (Engg, R&D), Director (Ops), Head of CO-Planning, Head of Indigenisation of Design Complex as members and Technical Head of Design Complex as Member Secretary. The Committee will be headed by Senior Officer between Director (Engg, R&D) and Director (Ops). The proposal put up for approval to the Committee should be accompanied with a plan/roadmap for indigenization of LRUs/ Systems/ Sub-Systems as per format at **Annexure-35**.

5.7 Forecast of the Requirements (for manufacturing program) of Project Materials including GHE/GSE

Many a time, the OEM (Foreign/Indian) requests for Forecast of HAL requirements for advance planning. Upon such written request, Division may provide the Forecast requirements, without any RFQ/firm commitments, to the OEM, with approval of Head of Division. Forecast of up to 5 years from the current year should be done by Head of Planning/Project department of the division.

Chapter - 6

PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE

6.1 Tendering method should be flexible enough to accommodate different procurement methods. The most transparent method is to allow all the potential Vendors to participate in the tendering process without limitations. For procurement of goods/ services, the most transparent and preferable mode will be through open tendering (GeM or e-Portal). However limited tendering is justifiable wherever it is not feasible or efficient to consider and evaluate large number of potential Vendors. The limited tendering should be equally transparent and to be conducted in accordance with the procedures laid down in this manual. Selection of Vendors for tendering should ensure that items planned for procurement is in the supply range of the bidders. Procurement of non-project material through Proprietary/single tendering could be used only in exceptional circumstances since the selection criteria for Vendors are not available. Once in every three years review of such items procured on proprietary/single tender to be made and the scope for competition to be explored. A Committee needs to be constituted with the approval of Level I executive to carry out the review.

6.2 Purchase Enquiry

The invitation to tender and instructions at enquiry stage are an important step as the vendor's offer is based upon these instructions. Any ill-conceived, indifferent and incomplete action at this stage will result in unnecessary delays, increase in paper work and rush purchases. The enquiry shall be carefully prepared indicating requirements in clear terms. Suggested Conditions of Tender for Indian and foreign enquiries are placed at **Annexure - 14**.

6.2.1 Specification:

a) The enquiry/tender shall indicate full description and specifications of the required material. The user department to ensure that

   i) The items with standard specifications/materials complying with IS/other standards should be procured as far as possible.

   ii) The specification should be such to meet the essential needs.

   iii) To the extent practicable the specification should be objective, functional, generic and measurable.

   iv) The specification should spell out the relevant technical, quality and performance related parameters.

b) Drawings, wherever available, shall be sent along with the enquiry/tender.

c) Enquiry/Tender must be invited to standard specifications as far as possible. Under no circumstances, terminology such as 'best quality', 'commercial quality' or 'as per previous supply' etc. shall be used. Wherever applicable and available a technical specification shall be in conformance with national standards. In those rare or exceptional cases where, despite the existence of Indian technical specifications, the procuring entity intends to specify foreign Technical Certifications and Accreditations, it must record its reasons in writing for adoption of such other technical specifications.

d) Where the specification cannot ensure required quality standard and there are prominent makes of such items in the market, if so considered appropriate, the makes/catalogue numbers of more

than one manufacturer (not less than three) can be indicated along with the specifications. The makes/catalogue numbers, brand and models should be finalized by Indenting/User Dept. with approval of Level-I Executive. The purchase under this will be limited to the tender estimated value of Rs. 50 lakhs. Post tendering cumulative PO value for those specific items should not exceed beyond 10% of the initial estimate.

e) In case where no drawing or specification is available and which cannot be correctly described, a sample is to be shown to the vendors. Calling for a sample along with the bid and deciding on the basis of evaluation of the sample may NOT be done. If required, in addition to HAL's reference sample, the provision for the submission of a pre-production sample matching HAL's sample by successful bidder(s) may be stipulated for indeterminable characteristics, before giving clearance for bulk production of the supply. The Indent for items which are to be procured in accordance with a sample must be accompanied with three sealed samples as far as possible.

However, on need basis, RFQ may have a clause for submission of samples along with the Bid (technical bid in case of two bid) for evaluation. Samples should be submitted by the bidders on or before the due date and time of the bid submission, failing which the offer will not be considered.

f) In case of procurement of Capital equipment, Divisional Technical Committee will be responsible for preparing, finalizing and approving the technical specification of equipment, following the procedure as per **para 8.13**.

g) Any change to specifications recommended after tendering shall be approved by the same committee/ authority that approved the specifications originally. Such changes will be notified in the same manner as the original tendering was done.

h) Post tender (after opening of bids) changes in the technical specification, in case of competitive bidding, are not acceptable. In case the change in specification required then the same need to be justified and retendering action may be taken.

i) Standardisation: A Standardisation Committee consists of member from Planning/ Facility Planning, Plant Maintenance and Quality with approval of Head of Division should be formed for any item/goods to be standardised for the purpose specific to the Division. The 2nd Senior most officer of Division will head the Committee and the representative from Planning/ Facility Planning will be the Member Secretary. Reasons for such standardisation should be recorded by the Committee. If more than one sources are available for such standardised item/s, limited/open tender to be issued. Such standardised items to be reviewed by the Committee every 3 years.

6.2.2 Others

a) In cases where HAL reserves the option to supply material, the firms may be asked to give alternative offers with their own supply of materials and with HAL supplied material.

b) **Indent Delivery Date**

Delivery expected shall be realistic and specifically indicated (month and year) based on the previous procurement experience. (Words like "Urgent"/ "Immediate" etc. are to be avoided). In order to meet the project requirement, it would be prudent to incorporate an acceptable range of delivery period with the stipulation that no credit will be given for earlier deliveries and offers with delivery beyond the acceptable range could be considered at discretion of HAL. In case of urgent or immediate requirements, the delivery schedule/ lead time for supply should be indicated in the RFQ as a mandatory parameter for technical evaluation.

c) In case quantity required is not readily marketed, Minimum Order Quantity stipulation shall be requested in the tender/enquiry. In case of raw materials and other such specific items where exact qty. cannot be supplied qty. tolerance of ±10% for supply can be considered.

d) Clauses relating to Earnest money, Delivery Schedule, Payment terms, Performance/ Warranty Bank Guarantee, Pre-despatch inspection, Dispute Resolution/ Arbitration, Liquidated Damages/Penalty for the delayed supplies, Conflict of Interest etc., as applicable, must be incorporated in the tender/enquiry documents. The mandatory, desirable or other conditions to be clearly specified in the tender documents. It shall be clearly indicated that the offers not fulfilling the mandatory conditions shall be liable for rejections and the offers in variance to desirable condition shall be considered but with corresponding loading, in tender evaluation. All non-priced evaluation should be objective and quantifiable and indicated in the tender document. Wherever applicable relative weight to be attached to each criterion should specified in the tender.

e) Tender document should indicate whether the quote to be offered by the vendor is fixed price quote or escalation if any will be acceptable. Price escalation provisions are not necessary in simple contract involving delivery of goods within 18 months. The tender document for contracts for longer duration may include price escalation.

f) Bid received in different currencies should be converted to a single currency stated in the tender. The criteria for conversion of different currencies to single currency to be spelt out in the tender. The currency of payment and terms & method of payment to be spelt in the tender. Tender document should also specify if alternative payment method and terms are allowable and how this effects bid evaluation.

g) All requests for quotations/tender/enquiry must specify “Last Date for submission of Quotes”. The tender must also state “Tenders received after due date and time shall not be opened and shall not be considered.” This should be prominently mentioned in the tender/enquiry. In all cases of Open/Limited Tendering, in addition to specifying Date, Time & Place of opening of Tenders in the tender documents, the Tender shall make a specific mention that “Tenders shall be opened on stipulated date & time in presence of the intending Bidders and that Bidders or his authorised representative may attend the Tender Opening.

h) A clause in the tender/enquiry shall be included stating that HAL will not be responsible for the loss or delay in receipt of bid documents/ bid in transit, inability of vendor to upload the bid documents in E-Procurement portal and HAL reserves the right to reject Late/incomplete bids.

i) The exemptions/relaxations applicable to MSMEs/ Start-ups SSI’s, ancillary units, PSUs should be specified in the tender notice (in line with prevailing/current Govt. directives). MSEs Public Procurement Policy is placed at **Reference - 4.** For definition & guidelines about startups, **Gazette notification no. 113 dt. 17-Feb-2016** from Ministry of Commerce and Industry, may be referred (and as amended from time to time).

   Wherever RFQ stipulates qualification/eligibility criteria to be met by bidders such as prior experience and/or prior turnover, the criterion shall be relaxed w.r.t. to all startups and MSEs subject to meeting of quality and technical specifications stipulated in the tender. Also vendor shall furnish documentary proof for being MSEs/ Start-up as stipulated by the Ministry. However, for procurement of items related to public safety, health, critical security operations and equipment etc., where vendors with prior experience are preferred rather than giving orders to new entities, in such cases, wherever adequate justification exists, prior experience/turnover criteria to start-ups and MSEs may not be relaxed.

   In case user/indenting department calls for qualification/eligibility criteria, accordingly RFQ shall stipulates the above clause.

j) The RFQ/enquiry should indicate that bidders shall be required to submit bids/offers directly to HAL either through post/courier/drop in tender box in sealed cover with clear marking of bidders’ details. Response received, without bearing the bidder address not to be entertained. This does not apply to e-Tenders.

k) Tender document/enquiry should specify the name of the Bank with respect to adoption of exchange rate for commercial evaluation purpose.

l) Commercial evaluation criteria should be mentioned in RFQ/enquiry.

m) Evaluation criteria whether on “package basis” or “line item basis” to be indicated in the tender based on recommendation of the User department. In case the criterion is not spelt out in the tender then the evaluation will on the line item basis.

n) Option of seeking offers with or without High Sea Sales provision if applicable to the particular procurement to be indicated in the RFQ. (Guidelines for High Sea Sales and draft agreement is placed at **Annexure - 15**). Vendor needs to provide/disclose the name and address of the OEM/ Foreign Vendor to HAL prior to supply. The goods to be Customs cleared and delivered on FOR HAL Division basis by the Vendor.

o) Applicability of the statutory taxes (e.g. GST, etc.) should be explicitly indicated by the vendor in his response either in percentage or in absolute terms. In the absence of this input the offer would be considered all inclusive. RFP should incorporate the above appropriately.

p) No criteria or procedure other than those mentioned in the tender documents can be used in evaluation of bids.

q) Canvassing by Bidder/s in any form, including unsolicited letters on bid/s submitted or post tender corrections shall render the Bid/s liable for summary rejection.

r) A clause in the RFQ needs to be included indicating, in case of limited, single, proprietary tender, the bid received from authorized dealer/distributor/channel partner to whom RFQ was not sent, will not be accepted, if the bid is not accompanied with the authorization letter from the vendor to whom RFQ/tender enquiry was issued. In cases where authorised dealer/distributor/channel partner participate in a tender on behalf of a manufacturer, they should not quote on behalf of any other manufacturer in the same tender. In case of receipt of more than one bid from such authorised dealer/distributor/channel partner, such bids will be summarily rejected.

s) While evaluating the bids covering a longer period (more than one year), the quoted prices pertaining to second year onwards (beyond 12 months from the last date for submission of bids), i.e. cash outflow from HAL to the Vendor/Service provider from 13th month onwards are to be discounted to the net present value (NPV) as per the procedure defined in **Annexure - 29** for comparing the bids on equitable basis and deciding the lowest evaluated responsive bid.

t) **Import Content**: In case the item/product offered by Indian vendor has import content, then the value of import content shall be indicated in the quotation (in FE/INR as the case may be).

u) **Date of Reckoning of Exchange Rate Variation:**

If the products/items/materials quoted by the Indian vendors involves import content, then the value of import content needs to be indicated in the offer (in FE). Further, vendor should indicate whether Exchange Rate Variation (ERV) is applicable on the FE content declared by the vendor. If ERV is applicable, ERV reckoning date shall be the last date of submission of commercial bids (i.e. due date of the tender).

For purpose of making ERV payment, actual value of import (to be supported by BOE, etc) or declared value of import in bidders quote whichever is lower to be considered for calculation of ERV based on TT selling rate on the date of BOE.

Exchange rate variation on the higher side, shall be paid by the HAL and similarly any exchange rate variation on lower side i.e. price reduction, to be passed on to HAL.

v) 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.

w) The system of hiring items like photocopiers with payment on per copy basis, Laser Tracker, etc. on lease basis may be explored prior to initiating procurement action for the equipment.

x) Clauses in the RFQ need to be included for ensuring compliance of following policies notified by Government of India and as amended from time to time.

i) Public Procurement Policy for MSEs, order 2012 (**Reference – 4)**

ii) **Purchase Preference Policy (Preference to Make in India) Order 2017** (PPP-MII Order, 2017) issued by Department of Promotion of Industry and Internal Trade (DPIIT).

iii) **Instructions regarding Global Tender Enquiry (GTE) under Rule 161(iv) of General Financial Rules (GFR-2017)** by Department of Expenditure, Ministry of Finance.

iv) Instruction on Bidders from a country which shares a land border with India - Order (Public Procurement No. 1) vide **F.No. 6/18/2019-PPD** issued by Department of Expenditure dated 23-Jul-2020.

y) **Quality and Cost Based Selection (QCBS)**

In procurement of Services, normally evaluation method is same as done in procurement of Goods.

For procurement of Consultancy services, where quality of consultancy is of prime concern, QCBS method may be adopted with administrative approval of the Competent Authority as per DOP.

Under special circumstances and in highly technical and complex services, where quality is important, Division may opt for QCBS method for other (non-consultancy) services with approval of Management Committee.

QCBS may also be adopted for Design & Development and Indigenisation as similar to Non-consultancy services, with the approval of the Competent Authority as mentioned below:

Competent Authority	Tender Estimated Value	Annual Ceiling
Level-I Executive	Rs 20 Lakh	Rs 1 Crore
FD/CEO	Rs 1 Crore	Rs 5 Crore
CMD	Rs 5 Crore	Rs 25 Crore
Management Committee	Full Power	

The QCBS method for evaluation of Consultancy/Non-Consultancy services as outlined in the prevailing Manual/Guidelines issued by Department of Expenditure, Ministry of Finance, Govt. of India shall be followed. Further, technical score obtained by all bidders need to be disclosed at the time of price bid opening.

z) **Non-Disclosure Agreement (NDA) or Confidentiality Agreement**

Requirement of NDA should be decided by the Indenting dept. at the provisioning stage. In such a case, to safeguard HAL Intellectual Property, technology, drawings, information, etc., NDA shall be signed by the Bidder/Vendor, before sharing any such data/details. Only after verifying that the Bidder/Vendor is not debarred/blacklisted by HAL or Ministry of Defence, NDA shall be signed by the HAL authority as per the prevailing DOP. The verification aspects should be mentioned in the proposal while taking approval from the CPA/CFA. The onus of and compliance to the signed NDA rest with the Indenting dept.

aa) **Applicable Laws:**

All RFQs/tenders shall include a suitable clause mentioning that the resultant Contracts/POs/ Agreements will be interpreted under the Indian Laws. Accordingly Division/s may make

necessary efforts to convince the Vendor to agree for Indian Laws as Applicable Laws for the said Contracts/POs/Agreements.

6.2.3 **Source Selection:** In order to ensure that enquiries are sent to the right sources, the Purchase Groups shall use the Approved Vendor's List both for imported and indigenous purchases besides sources suggested by user/indenting department. Sources suggested by user/indenting department should be in the registered list of sources. It shall be the responsibility of the Head of IMM Department to ensure periodical updating of this list.

6.2.4 To generate adequate competition, it is necessary that sufficient number of sources is addressed. For this purpose, a system of calling tenders by giving equal opportunity to all approved Vendors should be followed.

6.2.5 The selection of vendors, their communication details like postal address, E-mail ID, Fax No, Contact Person, etc., mode of tendering, evaluation criteria and terms & conditions of RFQ should be duly approved by Head of Purchase not below the rank of Grade-V, where CFA is Head of Division or below and the cases of procurement which require approval by CEO/Director/CMD/Board Committee/Board should be approved by Head of IMM. RFQs for ToT/Co-development/Co-production programmes should be prepared by a Committee comprising of Project Planning, IMM, Finance and other members as approved by the Head of Division.

6.2.6 **Mode of Dispatch of Enquiry:** Proof of dispatch of Enquiries in case of manual tendering to the prospective bidders must be placed in the respective purchase file. Depending upon mode of dispatch of enquiry, it could be Certificate of registration (dispatch by post), or Courier's receipt, or Fax Transmission record or a receipt acknowledgement or print of sent E-mail or E-Tender report or GeM Bid Report. For this purpose, Central Registry shall be instructed to maintain separate folios for dispatch of each tender/enquiry, paste the postal registration slips and forward to IMM so as to file in the respective purchase files. This applies to normal mode of tender and not for e-tender, e-mail tender and GeM tender.

6.2.7 Enquiries by E-mail may be resorted to only after having ensured that system provides for confirmation regarding delivery failure/ read receipt, etc.

6.2.8 In case of purchases of highly technical stores, where, although technical requirements are fully established, specifications of the stores to be purchased are not defined to the last detail and there exists possibility of offer of alternative systems meeting the technical requirements listed in the enquiry, two-bid system shall be followed.

6.2.9 **Two Bid System:** In this system, the firms are requested to give two separate offers, both in sealed covers. Both the offers will be exactly the same, except the offer No. 1 will have all prices/rates/values blanked out and will be called TECHNICAL Bid. The offer No. 2 will be PRICE Bid having the prices/rates. Each bid will be put in separate sealed covers, each marked with the Tender number, due date and as TECHNICAL Bid or PRICE Bid as the case may be. Both the sealed covers will be put in a single cover, which will be again sealed and superscribed with tender number and due date.

6.2.10 In order to ensure that the invitation to bid is extended only to those who have the capability, pre-qualification of bidders can be considered if required. Tenders are issued only to pre-qualified bidders.

6.2.11 On the opening date, only the Technical Bids are opened in the presence of representatives of the firms, who have quoted and choose to be present.

6.2.12 The offer No. 2 (PRICE Bid) will be opened only after the Technical Bids are technically evaluated. The Price Bids of only those firms, whose technical bids are found to be technically acceptable, will be opened with due notice to be present for the opening, if they choose to. However, when only one offer is found technically acceptable, this Price Bid may be opened without calling Firm's rep. for tender opening, so that the concerned firm will not get the information that only their offer is technically acceptable which may affect possible negotiations if required.

6.2.13 Firms which have not been accepted by Technical Evaluation Committee shall be intimated of rejection and the unopened price bid shall be returned within 15 working days of receipt of TEC report.

6.2.14 For ensuring that only competent and financially sound parties are invited to quote in the case of time bound programme or for entering into long term rate contracts, the enquiry shall clearly spell out the basis on which parties offering their services will be selected and short listed for participating in the subsequent price tendering.

6.2.15 Tender/Enquiry must clearly ask for Vendor's ability to arrange Export Licence from his Govt. and supply goods to India, in case an order is placed.

6.2.16 In general a period of three weeks may be given for submission of quotations except, in cases of recorded emergent requirements/ proprietary/ single tender, wherein also, a reasonable time should be permitted and tenders should be sent by faster means like speed post/e-mail/GeM/e-Portal, after taking approval of Head of IMM with recorded reasons.

6.2.17 The tender will be given free of cost.

6.2.18 Procurement of Capital Items

It is suggested that all Divisions could consider inclusion in the Tender/ RFQ format, where payments for any item/s procured under the heading Capital item/s by adopting the following payment terms:

"In the event of an order, 100% payment will be made within 30 days of receipt, acceptance of installation and commissioning of item/s by RTGS or any other latest Electronic Payment remittance mode."

In case the lowest bidder has not agreed to the above terms of payment, then the division may further negotiate for the below payment terms:

"Payment up to 70% of the order value upon delivery/ installation and balance 30% can be done upon satisfactorily commissioning."

In case the Vendor is insisting for further increase in the percentage of payment at the time of delivery, under such circumstances the same may be considered maximum up to 80% with the approval of CFA for procurement, subject to minimum Divisional head.

6.3 Earnest Money or Bid Security

The primary objective of submission of Earnest Money Deposit or Bid Security 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 and Indigenisation 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 wherever 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.

6.3.1 The following guidelines may be observed while calling for EMD –

a) Earnest Money Deposit (EMD) shall be specified in all cases of Open Tender.

b) The EMD to be charged shall be a fixed amount, based on estimated value of items/services covered in the RFQ as follows:

Tender Estimated value	EMD value
Up to Rs 10 Crore	Nil
More than Rs 10 Crore	Rs 10 Lakh

In case of foreign bidder, EMD to be submitted in any freely convertible currency of amount equivalent to the above EMD value.

i) Minor variation (up to 5% of the stipulated amount) in the amount received due to reasons like; Exchange Rate Variation, Bank charges etc. may be accepted at the discretion of Tender Opening Committee.

ii) Whenever EMD is submitted by bidder in Foreign Currency, received amount in the same currency shall be returned to the unsuccessful bidder.

iii) Variation beyond 5% may be accepted with the approval of Division Head with appropriate justification. (TT selling rate to be referred for such foreign currency exchange rate).

c) For tenders of the value of rupees ten crore or less, EMD need not be called for.

d) The tender documents/ Notice inviting Tenders must clearly specify:

i) EMD shall be acceptable in the form of DD/Bankers Cheque/Pay order/Bank Guarantee (including e-Bank Guarantee). In case, EMD has been specified to be deposited in DD only, no other form of EMD should be accepted. In case EMD is specified as Bank Guarantee, the same is to be submitted in the form of irrevocable Bank Guarantee from the scheduled Banks (or, in case of foreign Vendors, from Bank of International Repute) valid for 28 days beyond the validity of the Bid. The EMD can also be paid through WIRE / SWIFT transfer, the proof of which shall accompany the bidder's offer.

ii) EMD needs to be submitted by participating bidder. However, the EMD remittance document, either in Indian currency or any other convertible currency of the specified amount, can be arranged by the Indian subsidiary/branch office in India of a foreign bidder which shall be submitted along with a certificate confirming the relationship of subsidiary/branch office in the bidder's offer. Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form shall be summarily rejected.

iii) That in case of two Bid system, EMD should be submitted along with Technical Bid/Offer. EMD in original form will only be acceptable. Copies of EMD documents/instruments in Technical Bid not acceptable.

iv) In case technical bid does not contain original instrument towards EMD, offer will be considered as unresponsive and rejected.

(In case pre-qualification bid has been sought separately, in that case EMD should be called for in the original form along with pre-qualification bid, instead of technical bid).

v) That, vendors exempted from submission of EMD as per Govt. of India directives (such as MSEs, Start-ups (recognised by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry), etc.) must submit certified copy of GOI's authority for such exemption in lieu of EMD.

vi) EMD will not carry any interest for the period it is retained with HAL EMD shall be forfeited if a Bidder withdraws, amends, impairs, and/or derogates from bid within validity.

vii) The Bidders should indicate the reference & details of submission of EMD in their technical offer. In case of e-tender, the EMD in the form of hard copy in original to be

sent by post/ courier /personal delivery to reach the concerned Division prior to the scheduled closing time for the tender. The copy of such documents/office should attach in the technical bid of the e-tender. In case the EMD document does not reach tender issuing authority by the time of closing of the tender, the offer will not be considered for evaluation. In case WIRE/SWIFT transfers the transaction code is to be mentioned in the technical bid.

e) EMD received along with bids should be forwarded to the Finance department within 3 working days of the opening of the Tenders with the details of the participating firms.

f) EMD furnished by the successful bidder may be appropriated for Security Deposit or Performance Guarantee for the warranty period.

g) Proper record of submission of EMD by vendors and its refund to be maintained and monitored.

h) Approval of Head of Division to be obtained for forfeiture or encashment of Bank Guarantee towards EMD with the recorded reasons.

6.3.2 Return of EMD

a) Return/refund of EMDs preferably within 15 working days from the date of tender opening to the Bidders whose bids are rejected at the tender opening stage itself or bids which are not considered for evaluation (indicating the reason for returning)

b) Refund of EMDs to bidders whose bids are disqualified either during pre-qualification stage or technical evaluation stage (as the case maybe), within 15 working days of receipt of TEC report.

c) Refund of EMDs to bidders whose bids are commercially not competitive (except L1 bidder) within 15 days of determination of L1 (i.e. after signature of price comparative statement by Finance & IMM). EMD of successful bidder can be returned upon receipt of SD/PBG (as applicable) or after placement of PO, whichever is later.

d) Refund of EMDs to all bidders in case the tender is cancelled or retendered preferably within 7 working days' time from the date of approval for cancellation/re-tendering. However, if re-tender is resorted due to withdrawal of offer by L1 bidder, then the EMD of the L1 bidder will not be refunded.

e) EMD may be returned with the approval of Head of IMM if the CFA for the proposal is Level-I or below & with the approval of Head of Division if the CFA for the proposal is above Level-I.

f) In case of a & b above, it is to be ensured that the unopened price bids (in case of manual tender) of unsuccessful bidders (not acceptable offers) are also to be returned along with the EMD.

g) Once EMDs returned and the proposal is further processed for evaluation/approval, then no re-visiting/re-examination of the offers, whose EMD has been returned shall be carried out.

h) A suitable clause to be included in the RFQ to provide RTGS/ Bank details of participating bidders for returning of EMDs.

i) Declaration regarding refund status of EMDs for unsuccessful bidder to be given in proposal put up to CFA for award of contract/order.

j) The following clause need to be incorporated suitably in the tender documents, if EMD is sought in the tender:

"The EMD shall be refunded to the unsuccessful bidder within 15 working days in various stages of disqualification of the bid i.e., tender open stage, pre-qualification/ technical evaluation stage and identification of L-1 stage."

6.3.3 Concerned department processing the tender duly concurred by Finance department shall maintain a proper record having details of EMDs submitted by the parties, & its refund/return and

to monitor outstanding cases of non-refund/return of EMDs. Suggested format is placed at **Annexure - 27.** Record should primarily be maintained electronically and payments (dues in/out) are recorded in similarmeans.

6.3.4 Wherever Vendor quotation validity extensions are sought, vendors may also be asked to extend the validity of the EMD for the corresponding additional period. Forfeiture should not be exercised in case the vendor did not agree to extend the validity of the EMD. But the Vendor/s, who agree to extend the validity, are to do so without changing any terms, conditions, and so on, as requested in original tender.

6.4 Security Deposit

a) **Security Deposit**: Bidders will be required to submit the Security Deposit equivalent to 5% of the total value excluding taxes (If taxes and duties quoted separately otherwise total order value quoted) of the order within 15 days of issuance of purchase order by way of Demand Draft or Bank Guarantee (including e-Bank Guarantee) in a prescribed format of HAL from a scheduled Bank in India/Bank of International repute (for foreign vendors) which shall be valid up to 60 days after the completion of contract period/ last supply. Security Deposit (SD) will bear no interest. In case SD is not submitted within the stipulated time, Purchase dept. may pursue the Vendor up to another additional 15 days for submission of SD. In case the vendor fails to submit the requisite SD even thereafter, it may be treated as a withdrawal of an offer by the L1/successful bidder, and the case may be retendered, besides taking necessary punitive actions including forfeiture of EMD, deregistration and debarment of such Vendors. In case the supply order/ contract is not executed to the entire satisfaction of HAL the Security Deposit will be forfeited. In case any claims or any other contract obligations (related to supplies excluding warranty) are outstanding, the bidder shall be required to extend the Security Deposit as required till such time the vendor settles all claims and complete such obligations.

   In Open Tender, the Security Deposit required to be obtained from the successful bidders for the procurement of following category of items/services:

   i) Project items: Estimated value more than Rs. Ten Crore.

   ii) All other cases: Estimated value more than Rs. Five Crore.

b) Security Deposit will not be necessary for procurement or availing of services from Licensor/ OEM/proprietary vendors and other Public Sector Undertaking. However, Indemnity Bond needs to be obtained of the equivalent amount from Public Sector Undertakings while procurement of items of as indicated at **para 'a'** above.

c) Wherever SD is called for in the tender and if Bidder fails to comply for submission of SD, such bid/s should be summarily rejected.

d) Approval of Head of Division to be obtained for forfeiture or encashment of Bank Guarantee (BG) towards Security Deposit with the recorded reasons.

6.5 Performance Bank Guarantee

a) Performance Bank Guarantee (PBG) is applicable for procurement of Capital items having estimated value more than Rs. 5 Crore, through Open Tender.

b) For Design & Development, 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. However, value for such PBG should only be towards the warranty coverage of Goods to be supplied.

c) Vendor shall furnish a Performance Bank Guarantee (PBG) (including e-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).

d) Performance Security can also be furnished in the form of Demand Draft or Retention of equivalent amount.

e) In case vendor does not agree for Performance Bank Guarantee/ retention of equivalent amount in their Bid, the Bid should be summarily rejected before forwarding Bids for technical evaluation.

f) Approval of Head of Division to be obtained for forfeiture or encashment of Performance Bank Guarantee (PBG) with the recorded reasons.

6.6 Open Tendering

Open Tendering is the most preferred method to be followed. Open tendering is a system whereby even non-registered vendors are free to participate and allowed to quote against the tender advertised in Central Public Procurement Portal (CPPP) www.eprocure.gov.in.

In case the procurement is intended to be on global basis then the tender to be advertised in the Indian Trade Journal/ Indian Export Service Bulletin (IESB). In addition, copies of the tender documents may be made available to the Indian Embassies in potential vendor countries abroad for issuing to the Bidder/s besides making the documents available to the Trade Commissioners of Foreign Embassies in India and HAL Resident Managers outside India. In open tendering all the known and possible sources for the supply of the particular material are made aware of the requirements by sending to them a copy of the Advertisement. The advertisement is also to be hosted in the HAL's website.

Further, the complete tender documents should be posted on HAL's Website & on CPPP till the date of opening of tenders. The advertisement should indicate HAL web address from where the tender documents can be downloaded.

However, in case nil response to a tender in the first instance and press advertisement is necessary for tendering, the same can be issued with the approval of respective authority as per CO Guidelines, as applicable. Even ab-initio, if it is considered press advertisement necessary for tendering, the same can be issued with the approval of respective authority as per CO Guidelines, as applicable.

a) The complete tender documents along with application form shall be published on HAL website. It should be ensured that, there is no necessity for prospective bidders to ask/ obtain some other related documents from the department manually for participation in the tender process i.e. all documents up to date are and remain available as equally legally valid for participation in the tender process as manual documents obtained from the department through manual process. Part Drawings, Lofts or quality documentation, which form part of tender documents but cannot be placed on website, for reasons to be recorded, must be approved by Head of Division. A mention of such documents must be made on the website notice and intending bidders be asked to obtain documents by a written request, by post/ by hand, before a specified date.

b) The complete tender document should be available on the website, till last date of submission of tenders, for purposes of downloading.

c) Request for proposals for non-lethal items (i.e. items not connected with any warfare) will also be published on MoD Website www.mod.nic.in as well as Public Procurement Portal.

d) The website address must be given in the advertisement/ Notice Inviting Tender (NIT) published in the Central Public Procurement Portal (CPPP) at www.eprocure.gov.in along with e-mail address of the Division/Office.

e) In case, it is considered necessary to charge for the tender document downloaded from the computer then the bidding party may be asked on the website to pay the amount by draft/cheque etc. at the time of submission of the bid documents.

6.6.1 This system is not mandatory for purchase of Project items from already approved/proprietary/developed sources and also where Licence Agreements/ Long Term Contracts are in force besides such other items where prices are controlled/administered by the Government.

6.6.2 For all tenders, whose estimated value is above Rs 10 Crore (for Project items) or Rs. 5 Crore (for all other cases) or in cases where value is less but sources are not known, open tender method as indicated above is to be adopted. However, due to special circumstances of the purchase, for valid reasons to be recorded, the open tender procedure may be waived and limited tenders may be issued with prior approval of the Level-I Executive.

6.6.3 In case the open tender is issued under manual mode upon approval from competent authority, the tender shall still be required to be hosted on e-Portal for information, as per CO guidelines.

6.6.4 Open Tender method may also be followed in two stage tendering (refer **para 6.14**).

6.6.5 If considered necessary by the Indenter/User, a pre-qualification process can be followed through open tendering and invite bid from pre-qualified vendor.

6.7 Pre-Qualification of Bidders

In Open and Global Tendering Pre-Qualification requirement for participating in the tender may be called for depending upon the requirement. This is to ensure that the invitation to bid is extended only to those who have adequate capabilities and resources. The pre-qualification criteria, performance criteria and evaluation criteria should be spelt out in the tender document and these criteria should be objective and measurable including relevant general and specific experience, financial position. Sample Pre-Qualification criteria for guidance is listed at **Annexure - 36**.

6.8 Limited Tender

6.8.1 In limited tender, the likely and all suitable sources based on website search or market surveys, if so required and included in Vendor Directory, are addressed. The vendor directory should be periodically updated based on the vendor rating. The acknowledgement for receipt of tender enquiry is to be obtained if it is sent through Registered Post/Courier/Fax. In case of email, the tender enquires should seek the receipt of delivery of the mail while sending the mail or self-generated automatic delivery report may also be considered.

6.8.2 In respect of limited tender procurement the number of sources to be considered is as per the following table:

Estimated value less than Rs. 5 lakhs	Five sources
Estimated value between Rs. 5 lakhs to 15 lakhs	Seven sources or registered sources whichever is less but not less than five
Estimated value between Rs. 15 lakhs to 50 lakhs	Ten sources or registered sources whichever is less but not less than five
Estimated value above Rs. 50 lakhs	All registered sources but not less than five

For this purpose, a system of calling tenders by rotation giving equal opportunity to all approved Vendors, other things, like rating etc., being equal, should be followed. To bring in adequate competition, it is necessary that at least five sources are addressed, Where the number of available sources of supply is less than five, the number of Vendors to be addressed may be reduced with the approval of the Level-I Executive based on estimated cost.

However, in case of items already indigenised, where more than one approved source is available, limited tender to such approved sources (even less than five) only to be issued with the approval of Head of IMM (with concurrence of Indigenisation/ DLE dept.).

Adequate justification for issuing tender to less than five vendors should be provided while seeking such approvals.

At the time of proposing vendors for any Service, proper analysis should be done to find more vendors to avoid the situation where vendors are existing and not proposed or very few vendors are proposed where many exist. In such cases, it is preferable to issue tender/RFQ in Open tender mode.

6.8.3 It is mandatory to include the name of last Vendor unless the performance in terms of delivery, quality etc. has been recorded unsatisfactory or the objective of tendering is to seek parallel source.

6.8.4 The tendering process for the requirement of Insurance cover such as Marine Insurance, Product Liability Insurance, Asset Insurance, Director Liability Insurance and other insurances has been defined.

6.8.5 For non-project materials where the estimated value is less than Rs 10 lakhs, where registered sources are less than 5 in those cases Limited Tender can include unregistered 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.

6.9 Proprietary Tender

6.9.1 An item is called proprietary in nature for which

a) The requirement is for specific item and where no equivalent or near equivalent is available from any other source and/or all possible sources for the items quote only for the product of same manufacturer.

b) Procurement from OEM/Collaborator or source listed by them (other than agent/middle men) and source nominated by Licensor.

c) Source as per Design/Licensor document,

d) Product specifically developed for HAL by a vendor through limited/open tender

e) Items standardized by HAL

f) Item of brand proprietary nature to be procured from Manufacturers retail outlet/ authorised distributor.

g) Spares compatible with the existing equipment from OEM or its authorised distributor/s.

h) Products developed for HAL by an Innovator/ start-up/ Company under iDEX initiatives.

i) Product specifically indigenised/developed for HAL by only one vendor through Make-I/ Make-II procedure of HAL.

6.9.2 Procurement of spares (including consumables like Cartridges/Tonners etc. for Printers/Xerox/Fax machines) required for compatible with the existing equipment from OEM and procurement from manufacturer retail outlet/authorized distributors for an item of proprietary nature will also be covered under proprietary procurement. However, enquiry may be sent to number of outlets/distributors to facilitate procurement at best price, terms & conditions, unless OEM has nominated one of them for HAL supplies.

6.9.3 For this tendering, Proprietary Certificate **(Annexure - 16)** needs to accompany MPR. For project/ air-borne materials, Proprietary certificate should be originated by Material Planning and coordinated by user from Production Engineering/ Methods/ DLE/ Design (as applicable). In case of non-project

proprietary items (e.g. Ground Handling Equipment, Ground Support Equipment, Test Equipment, Cutting Tools, non-stock items, etc.), Proprietary Certificate should be originated by the concerned Indenting dept. and coordinated by User/ Methods dept. (as applicable). Proprietary Certificate shall be approved by the Competent Authority as per DOP.

6.9.4 Purchases of spares, components, accessories, and other items used in the repair/overhaul of aircraft should be sourced as much as possible from Original Equipment Manufacturers (OEM) i.e. the primary Vendors to the Licensors or from the licensors themselves.

6.9.5 Items are selected/developed for Aircraft/Engine/Accessories at the Design stage, based on specific technical requirement, tested and proved on the aircraft/engine/accessories and are certified for further use. The certification procedure generally takes 3 to 5 years. Selection of Vendors, in these cases, is done at the Design stage which is generally carried out through competitive bidding from multiple vendors. Having finalized the design of Aircraft/Engine/Accessories, these items are to be necessarily purchased from the same source on proprietary basis for subsequent serial production. Change in the source would require considerable investments in time and money and calls for extensive trials and recertification on Aircraft/Engine/Accessories. Further an item proven/used on a platform of HAL can be used on another platform of HAL with minor adaptation and/or delta qualification under proprietary route, with Design concurrence.

6.9.6 Procurement from proprietary sources will not be considered as sourcing against single tender.

6.9.7 Vendor developed by HAL through limited/open tender taking into consideration anticipated requirement of the project/programme is considered as proprietary procurement. However, the developed source shall continue to be proprietary for any further requirement beyond that anticipated.

6.10 Induction of iDEX Products

Defence Services/ DPSUs are proposing several ideas/products to be included as challenges under Innovations for Defence Excellence (iDEX) products initiatives. After necessary review and selection process, some of the proposals are accepted as challenges by Innovators/ Start-up/ Company. These would then be developed, tested and realised by them. iDEX is funded & managed by Defence Innovation Organization (DIO). Following may be considered for induction of the iDEX products arising out of the development work towards the associated challenge posed under iDEX:

a) The products developed for HAL by any Innovator/ Start-up/ Company under iDEX initiatives need to be treated at par with Proprietary sources and taken up for procurement under that category.
b) Further such innovator may also supply to other DPSUs/other establishments within MoD or external to MoD, in case of any requirement arises from those end.
c) In case more than one Innovator/ Start-up/ Company has accepted the challenge and accomplished the same successfully, the procurement would be done on limited tender basis restricting the tender to such successful Innovator/ Start-up/ Company.
d) In case any challenge proposed by Services is realized and concerned Services place an RMSO (Repair Maintenance & Supply Order) along with recommended iDEX sources, the same could be handled under Customer Nominated category.
e) In case any iDEX challenge was initiated as an import substitute, once the challenge is accomplished and if there is a necessity to consider import sources also for tendering, the laid down GTE guidelines need to be strictly complied with.

For ensuring implementation of above guideline, the concerned Design Centre/ Division will share the details of products realized & the successful Innovator/ Start-up/ Company to the concerned ordering group for needful action as well as to other Design Centres/ Divisions for information.

6.10.1 Division may identify & propose product/s, having high potential for adoption by Indian Defence Services, to be included as challenges under iDEX. The Division should forward Problem Definition

Statement (PDS) and Problem Requirement Units (PRU) along with Risk Categorisation to Design Complex as per prevailing guidelines issued in this regard. Design Complex will then forward the challenge to DIO after obtaining approval from D (Engg. & R&D). DIO will declare the iDEX winner/s as per prevailing guidelines.

6.11 Licensor/ Licence Agreements

6.11.1 Tender is addressed to only Licensor/Licensor nominated sources, and designated sources based on inter-Governmental Agreements and General Contracts approved by Government of India.

6.11.2 In case of Licence Manufacture, the licensor's document invariably indicates the details of items and the specific OEMs/vendors from whom these items are to be procured.

6.11.3 Procurement from Licensor nominated sources will be treated as proprietary.

6.12 Single Tender

6.12.1 When the purchase is finalised on the basis of an offer from a single source, it is called a 'Single Tender Purchase'. It needs to be recognised that the competition is totally eliminated and the possibility of paying higher prices cannot be ruled out. It is imperative that the purchase on Single tender basis be made with the detailed justification in its support and with the approval of Competent Authority, including associated finance. In a number of cases, the specifications prepared are copied from a manufacturer's catalogue in such a detail so as to exclude competition and result in a single source purchase. The specifications of the equipment need to be prepared in such manner as to give very essential requirements leaving other parameters as "desirable" or "preferred".

6.12.2 Occasions where single tender can be made are as given below :

a) When market research reveals that there is only one known reliable source of supply.

b) When the management in the interest of real long term economy and quality assurance and assured service standards of delivery etc. standardizes on a particular brand/make (like Shoes, Khaki drill from reputed manufacturers, Gauges from a reputed manufacturer etc.).

c) If after market survey, there is a single party ready to undertake the risk of provisioning/ development of item required and the value of order is such that it is not economical to develop alternative sources of supply.

d) The manufacturer/Government has canalised the supply only through a single source.

e) The item is known to be in short supply and its stocks happen to be available only with one source at the time of purchase.

f) Purchase of items of common use which are available at more or less at standard prices from fair price shops, super bazars, and retail chains.

g) Purchase from Government, PSU, Semi-Government, Co-operative undertakings and Welfare organizations.

h) Urgent/ emergent requirement to meet the immediate needs which cannot be catered within the required time lines by engaging any other method of procurement.

i) Purchase of standard specification items of small quantities

j) HAL's Customer has specified in writing the specific item to be purchased from a specific source and the need has been originated by the customer.

k) Procurement of items from licensor/customer to take advantage of their long term agreement Pricing with their Vendors where quantity to be procured is small and less than the minimum order value or order quantity Vendors willing to supply.

l) Vendors currently approved by HAL even though not developed through limited/open tender would continue to be included until new source is developed through normal tendering process.

m) Any other reason with proper justification.

6.12.3 As far as possible offers shall be invited from the manufacturers/their authorised Distributor/stockist of repute.

6.12.4 For all Single Tender procurements, Division should fill the Single Tender Certificate (**Annexure - 17**) and enclose the same along with the Purchase Proposal File (Part - A to be filled while processing the MPR/SPR/CPR for approval and Part - B to be filled while processing of Proposal for placement of order).

6.12.5 Single Tender (Nomination basis)

Single Tender (Nomination) refers to a case where a purchase enquiry is sent to only one source without calling for tender even though other sources may be available, due to various reasons. Some of the single tender cases are procurement from Joint Venture companies promoted by HAL and procurement of strategic material from indigenized sources (other than materials of proprietary nature).

6.12.5.1 Single Tender enquires should be sent with the approval of Head of the Division.

The following requirement should be complied for approval of proposals on Single Tender (nomination basis):

a) Reasons for not resorting to Open/Limited/ GEM tender to be recorded in writing.

b) Justification to be provided on proposed source for price reasonability.

c) Pre Audit by Systems Audit as per prevailing DOP.

d) Quarterly Report on order placed on Single Tender basis shall be submitted to the Board as per prevailing DOP.

6.12.5.2 Items sourced on single tender/ single tender (Nomination basis) are to be reviewed by Division once in two years to explore additional sources including indigenous development.

6.12.5.3 Procurement from JV promoted by HAL for supplies covered by the duly approved business plan of the JV and the same is notified by Corporate Office.

6.12.6 Procurement from Customer Nominated Source

This mode of single source procurement is resorted to from a specific source nominated by name in writing by the customer. (If more than one source are nominated by Customers or by the authorised representative of the customers, limited tender shall be followed and order to be placed after obtaining approval from appropriate CFA based on offer received against limited tender). The following shall be taken care of while resorting to this mode of purchase:

a) Procurement from customer nominated source can be resorted to only in case the purchase order/contract with the customer provides for such nomination by the customer. The same shall be regulated in the following manner.

b) Reference of specific part numbers in the contract entered with customer should not be considered as basis for tendering on single source other than for airborne system.

c) In case of other than airborne system, customer to be consulted for acceptance of equivalent system/item also so as to resort to competitive mode of tendering. In case the customer still insists for a particular make, the same may be purchased as a customer nominated procurement.

d) When the customer has amended the contract so as to incorporate a specific item along with increase in contract price to compensate HAL towards increase in procurement cost included in the contract due to procurement from single source/brand without competition.

e) In case the nominated vendor quotes unreasonable price/ Terms and conditions and does not agree for reduction and waiving of unreasonable conditions, the division should take up the matter with the customer for their concurrence to accept price/ terms and conditions of the vendor.

f) It should be ensured that the customer nominated source essentially originates from the customer.

g) Procurement from customer nominated single source shall not be classified as proprietary.

h) In absence of specific written request from customer to procure from specific source, competitive tendering to be followed.

6.13 Spot Tendering

6.13.1 Spot tendering is to be resorted to

a) Meet emergent requirements.

b) Procure limited quantities of readily available commercial off-the-shelf goods that are not specifically produced to a particular description and there is an established market Standard specification items of small value

c) Procurement of items required for office consumption and shop consumables.

d) Physical services that are readily available in the market

e) Procurement of goods or services for emergent repairs

f) Production Hold up items or their spares.

6.13.2 A Local Purchase Committee comprises of officers from the Purchase, Finance and the User Department accompanied by an Inspection Officer, where necessary, shall proceed to the market and obtain spot offers from at least three vendors after physically verifying and inspecting the goods and obtaining the assurance that items are offered ex-stock. The committee will be required to survey the market to ascertain the reasonableness of rates, quality and specification & identifying the Vendor. The same committee can also carry out the tender opening process of such offers.

6.13.3 Prior approval of Level-I executive is required for resorting to purchase through spot tendering and constitution of the committee. Approval for placement of purchase order will be as per DOP provisions under limited tender with more than one offer. However, Letter of Intent (LoI) can be issued by the Committee and the same shall be regularized by issuing confirmatory purchase order with approval of CFA. Format for Letter of Intent (LoI) is enclosed at **Annexure - 30.**

6.13.4 The purchase under this tendering is limited to Rs. 5 lakhs on each occasion. However, it is to be ensured that requirement is not split in any circumstances with the objective of circumventing of limit of Rs. 5 lakhs.

6.13.5 Procurement on Selection basis

Spot tendering procedure can be followed where there are varieties of makes/ Products are available in the market and purchase is required to be made on selection basis. Office furniture, Consumer Durables, Standard Electronic and Electrical equipment, Goods of common use, medical equipment are examples of items which would fall under this category. The committee constituted, after carrying out market survey would obtain spot offer and recommend the item that meet the requirement. Purchase order will be processed only for the item recommended by the committee as per the Delegation of power applicable for limited or single tender.

6.13.5.1 The purchase under this procurement on selection basis limited to Rs. Ten lakhs each occasion.

6.14 Two Stage Tendering

Two stage bidding of procurement is considered where the Division may not possess the full knowledge of either the various technical solutions available or the likely sources for such products in the market. Expression of Interest (EoI) bids, as a first stage of the two-stage tendering system to explore the market and finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner, may be invited by Indigenisation/ Design/ User dept. under the following circumstances:

a) It is not feasible to formulate detailed specifications or identify specific characteristics for the subject procurement without receiving inputs on technical aspects from vendors

b) Requirement to enter into the contract for the purpose of research, experiment, study or development

c) The vendor is expected to carry out a detailed survey or investigation and undertake a comprehensible assessment of risks, costs and obligations associated with procurement.

d) The Two stage bidding shall include the following :

   i) In the first stage, the EoI bids are invited containing the broad objectives, pre-qualification criteria, technical aspects and contractual terms and conditions of the proposed procurement without price.

   ii) The response received are evaluated through Technical Evaluation Committee,

   iii) The Committee may hold discussion by giving equal opportunity to all bidders to participate.

   iv) The relevant terms and conditions are modified by addition, amendment or deletion of any specification of item under procurement or criteria for evaluation without changing the fundamental nature of the procurement.

   v) In the second stage of bidding process, bids are invited from all those bidders whose bids are not rejected in the first stage, final bid with bid prices in response to revised set of terms and conditions

   vi) If the procuring division is of the view that after first stage bidding, there are changes incorporated in the requirements and there is likelihood of further participation by many more bidders, the second stage bidding may not be restricted only to the shortlisted bidders of first stage and it may be so declared in the first stage tender document ab-initio. Thereafter in the second stage, normal Open Tender Enquiry/ Global Tender Enquiry bidding may be done.

6.15 Sample Selection

6.15.1 Bulk Procurement

For bulk procurement of clothing and other textile items such as uniform, Sweater, etc., a committee needs to be constituted with the approval of Divisional head to collect details about such items available in the production range of the manufacturers and finalize the generic specifications including the essential and desirable parameters if so required with the involvement of an independent external domain expert from Govt. organisation, on need basis. Divisions should consider procurement of such items on the basis of detailed specifications. If required, provision for submission of an advance sample from the successful bidder(s), after placement of PO may be stipulated in the tender for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply. The acceptance of the sample should be in line with the specifications defined in the RFQ/ PO.

6.15.2 Low Volume Procurement

However, for low volume procurement of clothing, office furnishing requirements, decorative items, utility items, mementos, etc. of value Rs. 5 lakhs or so, a committee constituted with the approval of Divisional Head shall make selection of the items based on market survey. Local Purchase Committee may be assigned the role of sample selection committee also, at discretion of Head of Division. If more than one sample is selected, price bid for such selected samples will also be collected in the sealed cover. Such samples/offers collected with the final recommendation will be submitted for processing the proposal.

6.16 Procurement from OEMs, Distributors & Stockists

a) For procurement of LRUs/SRUs/Systems/Sub-systems and any other item taken up for procurement on proprietary basis, the RFQ would be issued to OEM/Licensor and Division needs to source from OEMs/Licensor for required quantity/or LTBA requirement.

Division to make efforts to persuade the OEM/Licensor to submit offer directly in case OEM/Licensor do not quote and have informed in writing about appointment of dealer/distributor/stockist.

If OEM/Licensor still insists, then enquiries can be sent to OEM's/Licensor's authorised dealer/distributor/stockist with a clause that valid authorisation from OEM/Licensor should be submitted along with the quotation. In this regard necessary verification of credentials of Dealers/Distributors/Stockist should be obtained from OEM/Licensor. Specific statement to this effect should necessarily form part of the proposal put up to CFA.

If OEM/Licensor has authorised multiple distributors/dealers/stockist then RFQ to be issued on limited tender basis to all such Distributors/Dealers/Stockist with the approval of Head of the Division and such procurements will continue to be treated as proprietary.

Further, OEM/Licensor may authorise their Indian partner to manufacture on their behalf under ToT/Licence ensuring that OEM's/Licensor's name is included in the Product label, OEM/Licensor shall take full responsibility for quality and performance of the product as well as full product support, for life time of the Helicopter/Aircraft.

b) As regards procurement of raw materials, electronics equipment/components, standard parts/ tools/ tool grips/ gauges/ test equipment, commercial items (e.g. IT products/ accessories, office equipment, vehicles, furniture, maintenance and other spares), obsolete items etc., where more than one manufacturer exists, the Divisions shall identify OEM and authorized Distributors/ Stockist. It can also be ascertained through internet, manufacturers, Industrial, Trade directory, yellow pages etc., that the distributorship/ stockist arrangement is a standard channel for all such customers and not exclusively for HAL transactions. Further, credentials of Distributor & Stockist needs to be established. In case of inability to identify OEMs, this needs to be recorded with justification.

c) For procurement of LRUs/SRUs/Systems/Sub-systems for development programme, bids should be invited from Manufacturers following laid down tendering procedure. It is preferred that Manufacturers only should respond against the tender. In case, if any Indian Industry/Company is authorised to manufacture under Licence from the respective Foreign Manufacturer, such Indian Industry/Company can participate in the Tender on behalf of Foreign Manufacturer and may submit the bid along with Manufacturer's authorisation letter. The bid should accompany a formal letter from Manufacturer, stating that Manufacturer will ensure that Manufacturer's name is included in the Product label, Manufacturer shall take full responsibility for quality and performance of the product as well as full product support, for life time of the Helicopter/Aircraft, in compliance with the Terms and Conditions of the RFQ. Further, Manufacturers would also provide detailed roles & responsibility of both i.e. Manufacturer (themselves) as well as Indian Industry/Company in execution of supplies.

Indian Industry/Company shall not act as trader/distributor/reseller/agent. It should be ensured that minimum 75% of total projected requirement as per tender shall be met out of production facility of Indian Industry/Company, produced through various phases under TOT from Foreign OEM (SKD/CKD/Raw Material phase, etc.).

Minimum value addition by Indian Industry/ Indigenized content of 40% to be ensured under Raw Material phase of production (Which can vary based on type of product and needs to be decided by the division prior to issue of tender and same need to be included in the tender).

In case production facility under ToT from Foreign OEM is yet to be established/ under establishment in India, then a clear Road map with timelines (meeting with HAL project requirements) for setting up of required production facilities for tendered item under ToT, for absorbing Technology from OEM, training of its staff, compliance to required quality standards, Qualification/FAI of product in India, etc. to be provided in bid.

6.17 Procurement for Production Hold-up/ Customer's AOGs Requirement

In case of stock out items resulting in production hold up (to be justified with approval of head of Division) and/or items are required to meet customer's AOG requirement, a part qty. as required to meet this immediate requirement may be purchased on emergent basis with justification (reasons to be recorded in writing), following Commercial procedures. However, procurement needs to be expeditiously carried out, and if required by reducing tendering time and clearance of file by DPC/MPC by circulation. If circumstances warrant, single tender may also be resorted to only for quantity required for immediate production or AOG requirement.

6.18 Development Order

In the development order where technical inputs/assistance is provided to the vendors, the Intellectual Proprietary Rights (IPR) to be held by HAL and for the novel IP generated in course of execution of the project under Contract/PO and where development activities are taken up at the behest of HAL, then for retaining the IPR the inclusion of suitable to be considered.

In this regard **Circular No. HAL/CD/Cont/Cir/2020/1 dated 05/08/2020** on the subject IPR also refers as further guidance.

For LRUs/ Systems/ Sub-Systems developed through Indian Vendor with HAL funding, Division to insert suitable clause in RFQ/Contract of Design & Development and Indigenisation to protect the sale and IPR rights of developed items for HAL so that the vendor shall not directly deal with HAL customers.

6.19 Telephonic Enquiry

In case of urgency, at the discretion of Head of IMM, where the total value of an indent does not exceed Rs. One lakh, quote may be obtained & noted telephonically (using speaker phone) from minimum 3 firms in the presence of members from IMM, Finance & User dept. Subsequently, hard copy of email/Fax to be obtained and filed. Quotations received under this procurement may not pass through Tender Opening Committee process.

6.20 Formats for hosting of information with regard to "Administration by leveraging technology" are placed at **Annexure – 28**. In this regard, CO guidelines issued from time to time to be complied.

6.21 It is advised to use only the dedicated E-mail facility of HAL and their official E-mail IDs for all correspondence with outside parties. IT security guidelines need to be followed.

6.22 Long Term Agreements

a) With regard to entering into LTBA/ LTRA/ LTSA/ similar long-term agreement with vendors for recurring requirement of items/ services, the appropriate CFA for approval of such long-term agreement would have to be reckoned in line with the value of total requirement during the period of validity of the proposed long-term agreement, tendering methods and/or type of procurement.

b) Annual ordering shall be done against LTBA and ordering based on arisings to be done against LTRA/ LTSA.

c) LTBA (without firm commitment) with proprietary source for up to 5 years requirement of Project Items can also be finalized by a Division, with approval of appropriate CFA for manufacturing program based on forecast. Year-wise forecast should be estimated based on anticipated orders/contracts against AON/ budgetary quotations submitted to Defence Customers or quotation submitted by HAL to any other customer/s against RFQ received on single source basis on HAL. Platform divisions should project such forecast requirements to their supplying sister division/s. Further, provisioning for entering into LTBA for such requirements shall be approved by FD/ CEO and ordering shall be done only after receipt of firm customer order with the approval of appropriate CFA.

6.22.1 General Terms Agreement (GTA) with OEM (Indian/Foreign) to be used across the Company, without indication of any pricing aspects, should be entered with the approval of CMD.

6.22.1.1 Any amendment in GTA without change in basic structure of the terms and having no financial implications will be approved by the Head of Nodal Division (not below Level-I).

6.22.1.2 Further, while adopting the approved GTA terms and condition of one entity of the OEM for another entity (sister company) of the same OEM, without making any changes to the basic structure or material modifications to the approved terms and conditions, then the Head of Division shall be the Competent Authority.

6.23 Price Catalogues

Price Catalogue published by OEMs/ Licensors or their Authorised Suppliers for global usage and Price Catalogue published by Customer nominated source for manufacturing the part to be supplied to the Customer shall be recognised with the administrative approval from FD/ CEOs for procurement action by HAL.

Such recognised Catalogues will only be applicable for product support requirements and not for production requirements.

Such recognised Catalogues may not require seeking separate quotations. However, Price reasonability to be established while placing PO. Towards PO placement, CFA to be determined as per the values mentioned in the appropriate DoP clause.

6.24 Development of Dual/ Second vendor as Risk mitigation plan in Research & Development and Indigenisation projects:

a) If there is abnormal delay in the execution of the existing development order by the Vendor and if it is going to affect the production/project time lines, Division can place order on the second vendor as risk mitigation plan to meet the time lines, without short closing the existing Order, subject to initial PO terms & conditions have a clause on placement of order on non-exclusive basis and HAL's right to place parallel contract with any other vendor or the vendor's consent is obtained prior to opting for second vendor.

b) The first vendor shall be informed about the placement of order on the second vendor, due to the first vendor's default/ delay in execution of the existing order and about the placement of production order, in future, with lesser quantity in line with para 6.24.(g) below.

c) A Committee headed by the Head of the Division will review all prospects and constraints before going for the second vendor and provide its recommendation including estimates. Based on the urgency / requirements of the project, if required, the Committee may suggest for going on Limited tender/ Single tender with justification. Commercial procedure for placement of order on single tender including reporting to Board to be followed.

d) The Committee to be constituted consisting of Head of the Division, Head of concerned Design/ DLE/ Indigenisation & Designer(s), Head of Finance and Head of IMM Dept. for the above purpose with the approval of Head of the Division. On need basis, other members may be co-opted.

e) Based on recommendation of the Committee, in case of the development through second vendor, provisioning will be approved by the same authority which approved the initial PO/Contract. In case, the approving authority for the initial PO/Contract is CMD or above, then FD/CEO has the full powers for provisioning approval.

f) In case of development cost to be paid for placement of order on the second vendor and if fund is not available under the subject project budget to meet the proposed cost and items are critical for the project, the development cost can be funded from R&D Corpus or Indigenisation fund, as the case may be, with the approval of FD/CEO.

g) The following aspects also to be considered for placement of order on the second vendor:

   i) If the existing development order on the first vendor is not short closed while placing the order on the second vendor and if first vendor in due course is not able to complete the development/ certify the items, the order placed on the first vendor can be short closed with the recommendation of the Committee (as per para 6.24.(d) above). Ordering for production phase as per the requirements can be done to the second vendor after development/ certification.

   ii) If both vendors continue development and if any of two vendors finishes the development/ certification earlier than the other, the vendor who has developed/ certified first can be considered for placement of production order for up to 50% of the quantity stated in the initial RFQ stage (i.e. considered for the first time development) taking into account of the lead time & yearly production requirements. Subsequently, if the other vendor also develops the item, limited tender can be issued to place the order on the lowest bidder for the remaining requirements.

h) In case of ab-initio/ first time development, the Committee (as per para 6.24.(d) above) may recommend provisioning for development by dual sources i.e., in-house R&D Centre and a vendor, towards risk mitigation.

6.25 Procurement of Raw Materials/ Standard parts and components/ Consumables/ Services for Design/ Development (Only for Emergent/ Miscellaneous in nature)

a) A Committee to be constituted consisting of three designers, one Finance representative and one IMM representative for the purpose of procurement for required items.

b) Designer will send the request to the Committee constituted for this purpose through concerned Level-I executive indicating Part No., OEM, Make, etc. This will be treated as provisioning approval.

c) Quantity should not be more than 10 sets requirement.

d) Committee to float RFQ to minimum 3 known, reliable vendors giving a maximum of 5 days lead time for submission of quote. Same Committee will perform the role of Tender Opening, Technical Evaluation and Commercial Evaluation. COC traceable to OEM should be mandatory.

e) The Committee will place the order after obtaining approval of the CFA.

f) On receipt of items, Designer will perform role of QC also for accepting / rejecting the item before crediting to stores.

g) The Committee will use their powers judiciously keeping in view of Standards of Financial Propriety.

6.26 Indemnity Bond

Indemnity Bond for Security Deposit or Performance of Contract or Warranty Coverage or Advance Payment may be accepted in lieu of Bank Guarantee from PSUs or Govt. Entities, in case of tender issued on single source basis. Indemnity Bond shall be obtained in the format as per **Annexure - 37**. Any deviation from the format shall be approved by Level-I executive.

In competitive bidding cases, all participating bidders (including PSU or Govt. Entities) will furnish Bank Guarantees, as applicable.

6.27 Insurance Surety Bond

In case of Micro & Small Enterprises (MSEs) and Startups, Insurance Surety Bond may be accepted at par with Bank Guarantee for Advance Payment, Security Deposit and Warranty coverage. Insurance Surety Bond should be obtained in HAL Standard Formats i.e. for Advance Payment as per **Annexure - 23E**, for Security Deposit as per **Annexure - 23F** and for Warranty coverage as per **Annexure - 23G**. Approval of Head of Division to be obtained for forfeiture or encashment of Insurance Surety Bond with the recorded reasons.

Chapter - 7

PURCHASE WITHOUT TENDERING

7.1 Purchase of Standard Specification Items and Items (non-capital) of Common Use:

Such items (procured by common people and industries), which are available at more or less at standard prices from fair price shops, super bazars, retail chains, Government, Semi-Government, Co-operative undertakings, Khadi village industries commission, handloom units of Association of Cooperation and Apex Society of Handloom (ACASH), welfare organisation not exceeding a value of Rs. Two lakhs limited to annual ceiling of Rs. 20 lakhs per division/office. CFA shall be arrived at by using DOP applicable for procurement on Single Tender basis.

7.2 Purchase without tendering will also be applicable for procurement of newspapers, journals, books, magazines, periodicals, etc.

7.3 HAL Rate Contract

7.3.1 HAL Corporate Office or an identified Nodal Division by CO/Complex also enters into Rate Contracts for items which are not available on GeM portal and are commonly used in different Divisions of HAL. Such Rate Contracts should be termed as Corporate Rate Contract. The advantages of this arrangement are:

a) Vendor is assured of expected volume of business and hence can offer better prices.

b) HAL is assured of continuous supply as per requirement.

c) Assurance of sustained quality supplies.

d) Effective controls on inventory buildup.

e) Purchasing cost is kept low.

7.3.2 In respect of stock items for which Corporate Rate Contract is not finalised and which are not available on GeM portal, Divisions shall enter into Rate Contract for as many items as possible.

A copy of Rate Contract entered at the Division level shall be sent to the IMM at Corporate Office for the benefit of other Divisions for reference only. Suggested draft format for entering into Rate Contract is enclosed at **Annexure – 18.**

7.3.3 Except in case of purchase of production items from already approved/proprietary/developed sources and where Licence Agreements/ Long Term Contracts are in force, Rate Contracts or other supply agreements should be entered with reliable and established sources of supply. Where Rate Contracts are entered into, based on single response to open/limited tender, report of such contracts (with CFA up to Level-I) should be made to the next higher authority.

7.3.4 The rate contract entered into by one Division/ Corporate Office for their requirement can be utilized by other division for placement of order for their emergent requirements within the total Rate contract quantity. Confirmation/concurrence is to be obtained from the head of IMM 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.

7.4 HAL License Agreement

At the time of finalisation of license agreements Purchase Agreements are also entered which enable HAL to procure its requirements without calling for offers. The Purchase Agreement is valid for the period of main Licence Agreement and an agreed escalation clause governs the prices applicable on supplies to HAL.

7.5 Repeat Order

7.5.1 In this case also fresh tenders are not invited. Repeat Order refers to Purchase Order placed on the previous Vendor (without obtaining fresh quotations) for the same items which were ordered on the firm as a result of Open/ Limited Tender. If the original order is placed on single technically accepted offer, repeat order cannot be placed. Repeat Order (single order or multiple orders) may be placed up to 100% of the value of the original order only after completion of the original order and within 12 months from the contractual date of completion of the original order. The prices, terms and conditions of the repeat order shall be the same as that of the original order. No price negotiation shall be held.

Repeat Order clause can be invoked and repeat order can be placed, subject to having a repeat order clause in original Purchase Order (through RFQ).

Repeat order can be placed with the approval of CFA as per DOP. No Repeat order can be placed if quantity is one in original order. However, the statutory levies shall be paid as applicable.

7.5.2 Repeat order (single order or multiple orders totaling to 100% value of the original order) may be placed by other Division of HAL including the Division which has originally placed purchase order. In order to exercise the control on the total value, the repeat order should be coordinated by the Division who originally placed order to ensure sum total of value does not exceed 100% of original order.

7.6 *Deleted*

7.7 Imprest Purchase System

The Department authorised for imprest cash shall arrange for cash purchase in case of urgency as well as other items/services of low value. Here again no formal offers are invited. The indenting officer is authorised to record reasonableness of rates and approve the purchase. The value of each item will not exceed Rs. 10000 for each case for this type of purchases. Purchase-cum-receiving report format **Annexure – 19** is to be used. Annual ceiling for imprest amount should be prescribed for each imprest holder, and notified by the Division with the approval of head of division/office.

7.8 Petty Purchases

Items/services with value as defined in DOP can be indented and procured by various departments. This request shall be approved as per DoP. Purchase up to value defined in DOP could be made directly from the market without issuing a formal order or from Direct Purchase through GeM portal. Receipt of such materials will be certified by the user department on the Cash Memo for accounting purpose. No receiving report shall be raised and the value shall be charged off as expense under appropriate head. Petty Purchase Request (**Annexure – 12**) is to be used.

7.9 Order on Ancillaries

Ancillaries, which have entered into formal agreement with HAL for rates and volume of business for a certain period, shall be issued with orders without inviting offers subject to the ancillary meeting the quality and delivery requirements.

7.10 Online Purchasing

Online Purchase can be made (for values as defined in **para 7.8** above for Petty Purchase) from Online-websites (such as Amazon, Flipkart etc.) on best judgment basis with prior approval of Level-I

Executive. Divisional Head may approve for obtaining Credit Card from the Bank with credit limit not exceeding the annual ceiling specified for Petty Purchase in the DoP. Operating Modalities like; receipt, acceptance, payment, accounting etc. may be worked out by the division. A proper separate record need to be maintained for all Transaction/Purchases made on-line.

7.11 Order on HAL Related Welfare Organisation etc.

Purchase without tendering will also be applicable for procurement of Tailoring related items/services (viz. uniform, dungarees, caps, aprons, coats, etc.) from HAL related Welfare Organisations by whatever name called (such as HAL (B) Families Welfare Association etc.), formed for purpose of welfare of HAL employees/ex-employees and their family members, not exceeding the value of Rs. 20 Lakhs per Division/Office per annum.

However, the Division/Offices has to confirm the reasonability of the price, delivery and other terms and conditions in the proposal.

7.12 Online Purchase

7.12.1 Online Purchase for R&D Projects and Indigenisation:

Online Purchase can be exercised for components/materials (i.e. electronic items, standard parts, off the shelf materials, fasteners, spares etc.) other than LRUs required for R&D activities and Indigenisation, which are readily available from Online-websites of reputed Vendors (i.e. OEM websites, online portals/internet, from international/local markets, etc.) on best judgement basis with administrative approval of Divisional Head for online purchase transactions as per values defined in DOP.

If required, division may identify various sources of online reputed Vendors and empanel them for future online procurement, with the approval of the Head of the Division.

Division Head may approve for obtaining Credit Card from the Bank with credit limit not exceeding the ceiling amount specified for Online Purchase in the DoP, which can be recoupable up to a pre-fixed ceiling amount periodically on need basis.

The offers from the websites of online vendors/ empanelled/ approved sources to be captured by screen shot/ any other mode by a team comprising of members from IMM, Finance and User department. After ascertaining the price reasonability with reference to estimate/ earlier procurement, the team will conduct the online purchase & make online payment. Operating Modalities like receipt, acceptance, accounting, etc. may be worked out by the division. A proper separate record need to be maintained for all Transactions/Purchases made on-line.

7.12.2 Online Purchase of Emergent/ Production Hold Up Requirements:

i) Online Purchase can be exercised for components/materials (i.e. Electronic items, Standard parts, Off the shelf materials, Fasteners, Spares etc.) other than LRUs required for Emergent/ Production hold up requirements, which are readily available from Online-websites of reputed Vendors (i.e. OEM websites, online portals/internet, from international/local markets, etc.) on best judgement basis with administrative approval of Divisional Head for online purchase transactions as per values defined in the DOP.

ii) If required, division may identify various sources of online reputed Vendors and empanel them for future online procurement, with the approval of the Divisional Head. Division should also explore the possibility and get registered on such online portal/s, wherever possible. Such online registration login credentials of respective portal/website shall be maintained by Head of IMM.

iii) Division Head may approve for obtaining Credit Card from the Bank with credit limit not exceeding the ceiling amount specified for Online Purchase in the DoP, which can be recoupable up to a pre-fixed ceiling amount periodically on need basis.

iv) The offers from the websites of online vendors/ empanelled/ approved sources to be captured by screen shot/ any other mode by a team comprising of members from IMM, Finance and User department. After ascertaining the price reasonability with reference to estimate/ earlier procurement, the team will conduct the online purchase & make online payment. Operating Modalities like receipt, acceptance, accounting, etc. may be worked out by the division. A proper separate record need to be maintained for all Transactions/Purchases made on-line.

v) Such procurements should be taken up by production divisions only for emergent/ Production hold up requirements.

vi) In addition, following should be recorded while seeking approval for provisioning/purchase:

   a. Reasons for purchase.

   b. Urgency level.

   c. Implication on delay in Purchase through normal mode.

   d. Confirmation that the item/s being purchased is/are not available on GeM portal. Screenshot of the same should be enclosed in the file.

   e. Stock position of the item and the estimated usage/consumption time of the item after purchase/receipt.

Chapter - 8

TENDER RECEIPT, OPENING AND EVALUATION

8.1 Proper care in the receipt, opening and sorting out of bids is essential to avoid any suggestion or malpractice. The instructions to the Vendors for submitting their bids should be comprehensive and clear. In case of manual tenders, Vendors shall be notified to submit bids in sealed covers superscribed with Tender Number and Due Date etc.

8.2 e-Tendering/ GeM Tendering to be adopted as per guidelines detailed in respective chapter of this Purchase Manual.

8.3 Tender Box

8.3.1 A locked and sealed Tender Box must be maintained in a prominent place for all bids received against manual tender enquiry. Bids received by Post up to the prescribed closing date and time for the tender shall essentially be dropped into the Tender Box. This procedure is not applicable for the tenders issued through e-portal/ GeM Portal.

8.3.2 Individuals bringing bids in person should be directed to drop them in the Tender Box.

8.4 Receipt of Bid

Unsealed bids or bids 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 bid was received without marking and got opened in the mail. The original cover of the bid is to be preserved as far as possible.

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 e-mail. 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.

E-mail quotations received without signature from Proprietary source, Licensor, single tender & customer nominated sources can be considered.

The procedure for receiving the quotation through Fax/E-mail shall be followed as per **Circular No. HAL/CD/616(F)/2008 dtd. 10.11.2008**. However, for receiving/ accepting quotation through Fax/E-mail, approval of Head of the Division needs to be obtained.

8.4.1 In case the bid documents are bulky then the name & designation of two officers either of them can receive the bid is to be mentioned in the tender document.

8.5 Opening of Tenders/ Bids

8.5.1 All bids must be opened by Tender opening Committee at the specified place on the date and time specified for their opening.

8.5.2 Tender Box shall be opened by the Tender opening Committee. Only bids due on that date shall be taken out and Tender Box shall be sealed thereafter. The bid envelopes shall be initialed by them and handed over to Tender cell, who shall enter the same in a register maintained for the purpose.

8.5.3 The tender opening Committee is required to ensure the following:

a) In case of manual and e-mail tender, each page of the offer shall be initialed, dated and numbered indicating the Serial Number of the Bid vis-à-vis the total number of bids.

b) Any alterations in rates, additions, deletions, cutting and overwriting shall be encircled, initialed and the same should be recorded in first page in Red ink including any other observation/ deficiencies observed if any.

c) Glaring abnormalities like striking similarities in text/language format, contents etc., from different sources/firms should be recorded. Their admissibility or otherwise should be decided on due diligence by DPC (for Level-I). The decision of DPC is final.

d) Blank space, if any, is to be crossed out and initialed.

e) All envelopes of bids shall be initialed and shall carry the same markings as on the bid papers.

f) Bidders or their representative (along with authorization letter from their OEM) who submit bids are permitted to witness the tender opening. A record of the Bidder/s / representative present at the tender opening should be maintained. The officer opening the bid shall read out the important particulars regarding quality, price, etc., and shall prepare an abstract of the bids received. Offers received should not, repeat not, be circulated amongst the bidders or their representatives present. No explanation should be sought from representative of bidders during opening of Bid.

g) No amendments to the bids shall on any account be permitted after the due date of submission of bid.

h) Receipt of unsigned quotations to be dealt with as per **para 8.4**.

i) Proper Record of EMD, Integrity Pact, Authentication/Authorisation letters need to be made. On the spot consolidated statement of bids received, opened is to be prepared and signed by the Tender Opening Committee.

j) Further, in case of 'Two bid' system, after opening of the technical bids, the price bids, which are to be opened subsequently, will not be kept as loose envelopes. It is to be ensured that the Tender Opening Officer/Committee has signed on the envelopes and the envelopes are placed in a bigger envelope/box duly sealed and signed by the Tender Opening Officer/Committee.

8.5.4 Offers received against tender issued to a single source (e.g. Single Tender/ Proprietary/ Customer nominated, etc.) may be opened before the due date by Tender Opening Committee.

8.5.5 Tender opening Committee shall not open unsolicited bids. Unsolicited Bid is defined at **para 8.7**.

8.5.6 In two bid system, only the technical bid should be opened in the first instance. Purchase department would scrutinize the bids for their acceptability in respect of conformance to signing of Integrity Pact, receipt of EMD etc., before forwarding the bids for technical evaluation.

If bids are not meeting the tender conditions like EMD, signing of IP, unsolicited bids, unsigned quotes will be rejected and returned to the vendor with the reasons for such returning along with the other not qualified bids as indicated at **para 6.3.2**.

Commercial bids of only technically acceptable offers should be opened only after the evaluation of technical bids and recommendation of TEC. In case of one or more offer/s is/are technically rejected by the TEC, the commercial bid of remaining vendors or single technically accepted offer should be opened only after the approval by Level – I executive. If all offers (more than one) are technically accepted by the TEC or if tender is issued to single source or on proprietary basis, commercial bids can be opened without any approval. The commercial bids of other offers which are not found to comply with technical requirements will be returned to vendors in sealed and unopened condition as received.

8.5.7 In case of the quotations in the two bid system, if party is submitting only one bid with rates and technical details/ Technical and commercial bids in open condition inside one envelope only shall not be considered. Further, in case of two bid system, if bidder submits price bid/ indicate pricing aspects in

technical bid either in manual tender or in the e-tender, the bid will not be considered for evaluation and will be rejected.

8.5.8 Members of the tender opening committee/ technical evaluation/ commercial evaluation to give an undertaking that none of them have any personal interest in the vendors participating in the tender process. Any member having interest in any Company represented by the vendor should refrain from participating in the tender opening/ technical evaluation/ commercial evaluation.

8.5.9 The Bidder, after submitting its bid, is permitted to withdraw/ alter/ modify its bid so long such withdrawal/ alterations/ modifications are received duly sealed and marked like original bid, up to the prescribed closing date & time for the tender. Any withdrawal/ amendment/ modification received from the bidders after the prescribed closing date & time for the tenders are not to be considered. In case of receipt of multiple bids for a manual tender from the same bidder, all the bids received (such bids altogether should be considered as one bid) should be opened and kept in the file for due diligence purpose, however, for any aspect of the quotation, the last submitted bid for that aspect before the prescribed closing date & time for the tenders should only be considered for evaluation purpose.

8.6 Tender Opening Register

In case of manual & e-mail tendering, Tender Opening Register shall be maintained in the Tender Cell. Tender No., type of tender, name of Bidder/s - whose bids have been opened and signature of the tender opening authority shall be recorded in the register. Signatures of Bidder/s/ authorized representative present at the time of tender opening shall also be obtained on the same page. Concerned dealing Purchase Officer shall sign while receiving the bids/ offers for further processing.

8.7 Unsolicited Bid

Offers submitted by vendors to whom tender enquiries were not issued. However in case of tender enquiry issued to vendor/s, a bid received from the authorized dealer/ distributor/ channel partner of the manufacturer along with authorization letter of the manufacturer to whom the enquiry was originally issued shall not be declared as unsolicited. Such authorised vendor cannot further authorise any other vendor to submit the bid on behalf of the manufacturer. Response received from branch offices/ marketing offices/ different divisions/ subsidiary/ Permanent Establishment in India of the same company to whom tender issued is not to be declared as unsolicited.

8.8 Late Bid

8.8.1 Any bid received after the prescribed date and time shall be marked as late bid.

8.8.2 Any bid received by the Company after the due date specified in tender/RFQ must be kept intact, un-opened/sealed and not considered. The same will be retained in the concerned purchase file. Quotations/bids, which are received late through Fax, shall also be treated in the same manner.

8.8.3 In case, the tender is issued to a single source (e.g. Single Tender/ Proprietary/ Customer nominated, etc.), a late bid may be opened by Tender Opening Committee.

8.9 Postponement of Due Date

8.9.1 In case of Open/Limited/GeM Tenders, tender due date shall not be postponed normally. However, in case of change in the tender terms & conditions, specifications or tender opening date etc., same is to be notified to all the bidders and posted on website (in case the original tender was also published on website) on or before tender closing date and time.

8.9.2 In respect of complex procurements, development programmes, refurbishing of equipment etc. opportunity to be given to vendors to seek clarification in respect of tender documents. The period within which the vendor can seek clarification should be specified in the tender document. A pre-bid conference may be arranged for potential bidders to seek clarification.

8.9.3 Whenever queries/clarifications are received from the vendors with respect to a tender, the Division should analyse in detail and consider for issuance of corrigendum clarifying all the queries received from the vendors. Such corrigendum needs to be addressed to all the Vendors considered for Limited Tender. In case of Global/Open tender, copy of such corrigendum need to be hosted in the website besides forwarding to respective vendors who sought the queries/clarification. At this stage if it is considered that available time to respond is inadequate, the tender due date & time can be suitably extended.

8.9.4 The due date can also be extended, if so requested by any of the bidders, with justifiable grounds. Any bidder who has submitted his bid in response to the original invitation will have the opportunity to re-modify or resubmit as the case may be. In that case the last bid submitted or the bid as modified by the bidder will be considered for evaluation.

8.9.5 The postponement/extension of due date and/or corrigendum/ addendum to the tender shall be made after approval from Level-I executive. In case of GeM tender, feature for auto-extension of due date, in case of nil or single offer, may be utilised without seeking any specific approval.

8.10 Authority for Tender Opening

8.10.1 Tender opening officers/committee shall be as follows :

Tender Value

a) Up to Rs 15 lakhs - Dy. Manager (IMM) & Dy. Manager (Fin).

b) Above Rs 15 Lakhs - Manager & above each from IMM & Finance

8.10.2 "Head of Division may authorise other officers of lower or higher grade for tender opening committee in coordination with Head of IMM and Finance where manpower of requisite grades are not available".

8.11 Tender Evaluation

8.11.1 Initiating Tender evaluation process (either Single bid or Two bid) is the responsibility of the Purchase Department and shall be given due priority and care.

8.11.2 The Purchase Department shall study offers and prepare a statement for endorsing the offers that are prima facie suitable (that is the offer was received in time and is not unsolicited, offer is accompanied with IP signed wherever applicable and the offer is accompanied by Earnest Money Deposit if required and the bidder has complied to submit SD and/or PBG, as per the Tender Conditions). The file then is to be passed to Indenting Department for technical evaluation and recommendations.

8.11.3 Technical Evaluation (Single Bid)

In case of single bid tender, the technical evaluation and recommendation/acceptance of the offered items/materials in the quote shall be carried out by Indenting department, duly coordinated by officer authorised (as case may be) and approved by Group Head before preparation of comparative statement. In case, CFA for approval of the proposal is FD/CEO or above, the Technical Evaluation Statement & Recommendation **(Annexure - 21A)** should also be signed by Head of Division.

8.11.4 Technical Evaluation Committee (Two bid System)

In case of Two Bid System, the technical evaluation and recommendation/acceptance shall be carried out by Technical Evaluation Committee (TEC). Indenting dept. should form the TEC with the approval of Divisional head. TEC shall be constituted as follows:

a) In case of CFA for approval of the proposal is Board/ Board Committee/ CMD/ Director/ CEO, the Technical Evaluation Committee shall be headed by Head of Division with following members

Head of Production Planning Department

Head of Quality Department

Head of User Department

b) CFA to be arrived based on the tender estimated value (including taxes, duties, etc.) and mode of tendering (i.e. Open/ Limited (L1 offer), proprietary, single tender, etc.). In case single valid offer is only received for technical evaluation, CFA to be arrived on single offer basis. If a JV or subsidiary company has participated in the tender, TEC should be headed by a Level-I executive. Further, member/Chairman of TEC should not be nominee director of that particular JVC or subsidiary.

c) In case of CFA for approval of the proposal is Head of Division, the Technical Evaluation Committee shall be headed by the Senior most executive of the Division (AGM/DGM) in the Technical Discipline with following members:

Representative of Production Planning Department

Representative of Quality Department

Representative of User Department

To be nominated by the respective Head of Departments.

d) The Head of Technical Evaluation Committee may co-opt other members from within and/or outside Divisions based on expertise required, with the approval of Head of Division.

e) In case of CFA being level II and level III Officers (as defined in DoP), TEC may be constituted with the approval of Head of Division on need basis.

f) A member of TEC should not be reporting to any other member (except Head of Division) of TEC.

8.11.5 If so required for technical evaluation, clarification on technical aspects shall be sought from the bidders only once consolidating all the requirements as far as possible. If response is incomplete further clarification can be sought. Any new clarification not originally covered will require approval of Divisional head to be obtained by Indenting dept.

8.11.6 In case where vendors offer in their quote some alternate material/items against RFQ requirement, technical acceptance for such material/items needs to be carried out by Design Department (DLE)/ Design Authority and Methods engineering in case of Project Material rather than user department, and in case of Non-project Material/ Commercial Material, technical acceptance shall be by User Department/ Indenting Department or TEC if so desired by users/ indenting dept.

8.11.7 The Technical Evaluation Statement and Recommendation Format at **Enclosure - 1 (Annexure - 21A)** shall bring out in detail compliance report of each technical feature of the RFQ, deviations if any, and the reasons for acceptance/rejection of bids and should be signed by all members of the TEC. The report shall bring out acceptance or otherwise of the bids without any ambiguity and make clear recommendations.

In exceptional cases where the TEC cannot make clear recommendations w.r.t. Technical Evaluation, a Senior Level Technical Committee (SLTC) as below will be formed for examining the proposals and resolve the ambiguity with clear recommendation. Such Committee shall be constituted by the concerned Director/CEO.

i) In case, CFA for approval of the proposal is Board/ Procurement Committee/ CMD/ Director/ CEO, the constitution of the SLTC would be as follows:

a) The members of earlier TEC shall not be a member to the SLTC.

b) Member in the SLTC shall be at the level of Level-I executives from other than User Division (1) Planning (2) Quality (3) Technical from related field and (4) User Division executive – the senior most technical executive below Head of the Division shall be the Member Secretary of the Committee.

c) Senior most member of the SLTC shall be the Head of the Committee.

ii) In case, CFA for approval of the proposal is other than above, the constitution of SLTC would be as follows:

a) The members of earlier TEC shall not be a member to the SLTC.

b) Members in the SLTC shall be comprising of senior executives from (1) Planning (2) Quality (3) Technical from related field and (4) User Dept. executive (Member Secretary).

c) Senior most member of the SLTC shall be the Head of the Committee.

The Head of the Committee may co-opt other members from inside/outside HAL based on expertise required, with the approval of concerned Director/CEO.

8.11.8 Technical evaluation compliance report should be signed by all the members of the Technical Evaluation Committee after due verification of bid documents submitted by the bidders as per the eligibility criteria laid down in the tender.

a) Relaxation of eligibility/pre-qualification criteria should be avoided.

b) Technical clarification required from the bidders during technical evaluation should be sought through Purchase Department

c) Introduction of new parameters which has not been indicated in the tender for evaluation is not accepted.

d) Post tender changes in the technical specification are not acceptable. In case change in specification is required then the same needs to be justified and retendering action may be taken

e) Selection of optional items and accessories to be finalized before opening the commercial bid.

8.11.9 **Commercial Evaluation:** Following points shall be paid special attention while compiling information on the tender evaluation sheet:

i) The offer was received in time and is not an unsolicited or qualified offer and the offer is accompanied by Earnest Money Deposit/ Integrity Pact, if required, as per the Tender Conditions.

ii) Basic price and the quantities for which it is valid. Also whether the price is firm and/ or any escalation formula is offered. In respect of RFQ covering more than one year requirement, RFQ may include a clause for escalation formula with cap. The evaluation is to be made with escalation cap quoted by the vendor. This aspect of evaluation to be spelt out in the RFQ to bring clarity and transparency.

iii) Statutory taxes and duties, Customs Duty, Withholding tax, R&D Cess and any other imposts/ taxes that are payable.

iv) Terms of delivery i.e. ex-factory, HAL stores and other terms and conditions.

v) Packing and Forwarding charges.

vi) Firm’s willingness to accept penalties/ compensation for late delivery as well as HAL’s Standard Conditions of Contract.

vii) Specifications offered are the same as demanded / alternative offered and benefits claimed for it. Bid not meeting the laid down specifications may not be ranked in consultation with Technical Department.

viii) The terms of payment and request for advance payments/ willingness to offer Bank Guarantee.

ix) Assurance/ Methods to replace defective supplies.

x) After - sales - service arrangement and cost of such services, if any.

xi) Samples if required are submitted with the offer or alternatively bidder agrees to submit samples post placement of PO as required in the enquiry.

xii) Validity period is adequate. In case of vendor offering validity period less than what has been sought in the tender, the same can be accepted subject to the following:

a) If the criteria for evaluation is lowest price conforming to the specification and

b) The validity period is adequate to process the tender.

If conformance to validity period sought by HAL is a criterion for evaluation of tender, the same need to be specified in RFQ and the bids not conforming to the requirement can be rejected.

xiii) Due Purchase preference to Public Sector Undertakings, Ancillaries, MSMEs and Indigenous manufacturers, etc., wherever applicable as per Govt. Directives, issued from time to time.

xiv) Foreign currency exchange rate as on date of tender/bid opening stipulated in RFQ shall be considered for comparative price statement in commercial evaluation. This aspect should be indicated in the RFQ. TT Selling rate to be considered for foreign currency exchange rate.

xv) In respect of responses from foreign and indigenous sources, the evaluation should be based on landed cost at the Division by including freight charges, applicable taxes, and duties to the base price quoted by the vendors.

xvi) For Indian bidders, prices and applicable taxes against HSN/SAC code indicated in the price bid shall only be considered. PO to be placed as per the HSN or SAC quoted by the vendor and payments to be made accordingly. However, if Govt. withdraws or changes the HSN or SAC mentioned in the PO, the PO to be amended for the appropriate HSN or SAC code. For foreign bidders, applicable Duties/Taxes should be indicated in RFQ and same should be considered.

xvii) In case, RFQ call for evaluation of Bids using Discounted Cash Flow (DCF) method, net present value to be calculated for arriving L1 vendor.

xviii) The percentage of freight & insurance to be adopted shall be based on the 'percentage of total freight & insurance paid to purchases during the preceding year'. This percentage will be forwarded by the Divisional Finance to the IMM department of the Division and shall be applicable during the year for the evaluation purpose. These rates shall be announced once in a year in the first week of the financial year.

8.11.10 Non-conformities between Figures and Words

Sometimes, non-conformities/errors are observed in the bids between the quoted prices in figures and in words. This should be taken care of in the following manner:

a) If, in the price structure quoted, there is discrepancy between the unit price and total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly;

b) If there is an error in a total corresponding to the addition or subtraction of sub-totals, the sub-totals shall prevail and the total shall be corrected; and

c) If there is a discrepancy between words and figures, the amount in words shall prevail.

d) Such a discrepancy in an offer should be conveyed to the Bidder asking him to respond by a target date and if the Bidder does not agree to HAL's observation, the bid is liable to be rejected.

8.11.11 Taking into consideration the above factors, a net price comparison of the valid bids only shall be prepared and tender evaluation sheet(s) shall be endorsed L1, L2, L3 etc., to indicate 1st lowest, 2nd lowest, 3rd lowest and so forth. In this tender evaluation statement, the bids which are not meeting technical specification and where the tender formalities have not been complied with, and which were received late/ delayed shall not be included.

8.11.12 An endorsement with reasons for non-consideration/ non-inclusion of parties shall be separately made on the comparative price statement.

8.11.13 The Commercial Evaluation Statement shall be signed by the dealing officer and shall be vetted and countersigned by the next higher officer, if available, of the Purchase Department and it should also be checked and signed by Finance. If the CFA is FD/CEO or above, the same needs to be countersigned by Head of IMM and Head of Finance of the Division.

8.11.14 Timely evaluation of bids within bids validity period shall be carried out in equitable, fair and transparent manner.

8.11.15 In case, CFA does not accept TEC recommendation/s, the same needs to be recorded with reasons/justifications for further appropriate action.

8.11.16 Price recoverability for procurement of items should be provided by Projects/ Customer Support/ Marketing or user dept., as applicable and to be confirmed by Finance.

8.12 Procurement of Machinery & Equipment

a) Any procurement of machinery and equipment, which involves Civil works for installation and commissioning (I&C), may be planned and taken up preferably as a Turnkey project so that the manufacturing, installation, commissioning and Civil works would be carried out by the same party to avoid delays. Further. RFQ shall contain the scope for requesting the price breakup on machine life cycle, year wise AMC/CAMC after warranty, preventive maintenance schedules, channel partner details in India, channel partner scope and validity, mandatory/non-mandatory spares and consumables price list.

b) Site/Location for installation & commissioning of the machinery and equipment may be identified before approval of CPR and kept ready before issuance of Purchase Order or Work Order for Civil work.

c) The time period required for Civil Works on the site identified may be considered while placing the PO and accordingly the supply of the machinery & equipment may be scheduled. Site drawing for installation to be received from the vendor well in advance before supply and towards which necessary clause to be incorporated in the RFQ/PO. Site/Location for I&C should be kept ready before the due date of supply of the machinery/ equipment as per PO.

d) The Terms & Conditions of the PO should clearly mention the activities and time required to be carried out by the vendor and HAL. Nodal officer/s responsible for I&C of the machinery/ equipment should be identified from User/ Plant Maintenance dept. and to be indicated in the PO. Nodal officer/s should take pro-active action for timely completion of I&C of the machine. In case of any issues causing delay, the same has to be up-scaled to the higher ups and action to be taken at the earliest.

e) All correspondences/communications with the vendor till completion of installation & commissioning of the machinery and equipment should be in writing only.

f) In case of any dispute arising in the course of installation/commissioning of the machinery, HAL officials should take proactive action, discuss with the vendor and immediately resolve the issues. The discussions so held should be minuted and recorded. If the case is not settled, the matter may be taken up with the next higher authority without any delay.

g) 'Installation and Commissioning Report' duly signed by HAL officials shall be submitted to Purchase department in the format as per **Annexure - 38**.

h) In case where advance payment has been made, Division need to take prompt action for timely completion of I&C of the machine as delay will result in non-realisation of amount spent on the machine. No GST is payable on Advance Payment.

i) Quarterly review of pending I&C of machines to be carried out by the Head of the division with the stakeholders.

j) As the vendor may delay the installation & commissioning of the machine/ equipment, it is preferable to consider the date of installation & commissioning (as applicable, whichever is later) instead of supply date for the Liquidated Damages (LD) purpose. However, the delayed period for the reasons attributable to HAL (e.g. delay in readiness of the site, etc.) should be certified in Installation & Commissioning Report and such delayed period should not be considered for LD purpose. Similarly, the vendor should not account the delayed period (with reasons attributable to the vendor) in installation and commissioning in the warranty period. That means, warranty period shall be extended for the delayed period for installation and commissioning and should invariably start only after installation and commission/prove out.

In view of above, in case of procurement of machinery/ equipment, suitable clauses w.r.t. LD and Warranty should be included in RFQ/PO.

k) During the warranty period, if the machine breakdown time is more than stipulated time due to non-availability of spares or any other reasons, the warranty period should be extended for the time taken by the Vendor to fix the problem.

8.12.1 AMC/CAMC of Machinery & Equipment

a) Annual Maintenance Contract (AMC) or Comprehensive AMC should be entered on time after expiry of the warranty period/ earlier AMC/CAMC.

b) When entering into new AMC/CAMC, decision to enter appropriate type of contract i.e. AMC or CAMC to be made based on the past break down calls, uptime and spares used to service the equipment/ machine. If the utilization of spares is low and the reliability of the equipment is high, then only AMC to be entered into and spares prices should be obtained for payment on actual consumption basis.

c) In the SPR, the machine utilization should be indicated and SPR may also be coordinated by Management Services Department (MSD) for making remarks on the criticality of the machine for the production requirement.

d) It is essential to formulate Penalty clauses and include them as part of Scope of Work (SoW)/ Service Level Agreement (SLA). In this regard, GeM SLA for related services may be referred to evolve penalty clauses by linking uptime of the machine, also.

e) Whenever renewal of AMC/CAMC is taken up, previous Contract details including number of breakdown calls, spares/consumables used and overall uptime during previous Contract to be mentioned in the SPR.

f) Wherever there is deployment of man power to execute AMC/CAMC, appropriate clauses related to statutory compliance, indemnity and payment of salary & wages along with other directives as per Labour Laws by the Vendor to be clearly specified in the RFQ. Such compliances by the Vendor at the time of Contract execution to be ensured by the Indenting dept.

g) Year wise AMC/CAMC prices obtained during the procurement of machine/equipment should serve as reference price and separate order should be placed for AMC/CAMC under Revenue Budget.

h) To ensure economical cost of CAMC of high value machine, following parameters may be considered:

   i) Alternate machine availability

   ii) Production criticality

iii) Operational/ Functional criticality with respect to divisional production requirement

iv) Machine utilization

8.13 Tender Evaluation of Capital Equipment

8.13.1 Following procedure shall be followed for procurement of Capital Equipment:

a) A Divisional Technical Committee (TC) is to be institutionalized which will be responsible for preparing, finalizing and approving the Technical Specifications of the Equipment. The committee is to be constituted with members as Head of the planning functions of the Division, the Head of Plant maintenance and Head of Quality (senior most officer will head the committee) and second senior most officer of Planning/ Facility Planning will be the secretary of the committee. Head/ Deputy Head of the user department will be the co-opted member. All capital items which require custom specification and cannot be sourced through standard specifications are to be finalized through Divisional Technical Committee.

b) The Divisional TC should prepare a general brief on the scope of requirements. Initially, if so required, this should be sent by the TC to the various leading manufacturers of the equipment asking for detailed technical specifications/features of their products to meet the requirements as a Request for Information (RFI). This data along with information available in the division/ other divisions will form the basis for preparing the detailed specification of equipment. While approving the same, the TC should clearly identify the Essential and Desirable parameters of the equipment as detailed below.

c) Essential. These are the Essential requirements in the performance of the equipment, non-compliance of which will make the equipment technically not suitable. Accordingly the 'essential' classification to a requirement must result from an in-depth critical analysis of the necessity of requirement.

d) Desirable. All parameters other than essential will be classified as 'desirable'. This classification should be assigned to requirements corresponding to tasks that the machine is intended to fulfill but the same will however not affect the safety or functional performance in any way. The non-compliance of a requirement classified as `desirable' is in itself not a sufficient reason to reject the bid.

e) The classifications of essential and desirable as above should be as per the recommendation of TC with reference to Technical Specifications whereas the same in respect of commercial terms and conditions should be as per the recommendation of Purchase Department and should be mentioned in the RFQ in clear terms indicating that the "offers not meeting essential requirements shall not be considered".

f) As such, the responsibility of approving the specification on the above lines rests with the TC.

g) The specification of Capital Commercial Off The Shelf (COTS) items of value less than Rs 20 lakhs may be finalised and approved by the Head of Indenting dept. (not below Grade VI officer).

8.13.2 On receipt of Technical bids/ Compliance Report from Bidders, the file is to be passed to Indenting Department for their further study and Technical acceptance of offers. The TEC shall also carry out selection of accessories, special tooling, and maintenance requirements and spares, special civil works etc., if any needed, in respect of technically acceptable offers. Some of the essential factors which shall be taken into consideration are:

a) Estimated operation cost, maintenance cost, and the total cost over the probable life of equipment.

b) Availability of service at the initial stage and regular after - sales - service

c) Availability of spares on ex-stock basis or delivery at short notice

d) Financial considerations including Foreign Exchange

e) The existence of similar - make machines in service

f) Training of operators in case of special - purpose machine.

8.13.3 The concerned Purchase Officer shall make a note of specific points on which TEC/ Production Engineering/ user's comments are sought.

8.13.4 After technical study, a final price comparative statement shall be prepared in co-ordination with the TEC/ Production Engineering/ User Department to arrive at the ultimate price.

8.14 Tender Evaluation for selection of Systems for Aircraft/Helicopters/Accessories

The following procedure is to be followed for selection of any system:

a) RFQ for the system should clearly bring out the anticipated quantity and the period of requirement in addition to all other technical and commercial requirements.

b) Quotes should be obtained for the prototypes and also for the subsequent series production requirements linked to an escalation formula based on recognized price indices.

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 for manufacture/ROH 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 by Design/user dept. based on merit of the case with proper justification for not incorporating requirement of Mfg. TOT/ ROH TOT clauses in the RFQ.

d) In all cases, RFQ should specify the essential need for ToT for ROH in India. Quotes for the licence fee/ documentation cost/ Royalty is to be obtained along with the cost of facilities for ROH.

e) Vendors' commitment for technical assistance in setting up manufacturing/overhaul facilities is to be insisted upon.

f) Vendor has to confirm that he would undertake defect investigation and repair/overhaul, till the facilities are set up in India. Cost of DI/ROH is also to be quoted in his offer; with escalation formula similar to equipment supplies.

g) The Vendor has to confirm uninterrupted supply of spares for lifetime product support. List and norms of consumption of spares with their individual prices are to be quoted in his offer. In case of Standard Price Catalogues, copy of the same is to be attached.

h) The lead-time for supply of spares is to be clearly defined to ensure timely procurement action

i) The Vendor has to confirm that any documents pertaining to up-gradation of the system during its course of exploitation will be forwarded

j) In the event of the Vendor not meeting the product support requirements, his offer is to be considered as technically invalid

k) The proposal will be evaluated on Life Cycle Cost basis

8.14.1 While processing the Order/ Entering into Contract for Design & Development/ Limited Series Production (LSP) from Indian/ Foreign vendors the CFA needs to be determined appropriately by taking Development Phase requirement, Production Phase requirement (i.e. future requirements of the item towards Series Production over the length of the Project), manufacturing ToT and ROH ToT put together into consideration, as applicable. The RFQ/ enquiry should be floated suitably seeking quotation for all such aspects.

8.15 Comparative Price Statement

Utmost care shall be exercised while preparing the Comparative Price Statement of bids. Any deviations from the tendered specification, delivery period or normal terms and conditions and any special conditions, assistance etc., stipulated by the firm, shall be highlighted. It shall be the responsibility of the concerned Purchase Officer to ensure prompt preparation of price statements as well as finalisation of the tender papers. The statement shall be signed by Head of IMM & Head of Finance where CFA is CEO/Director/CMD/PC/Board; and by respective officers as designated by IMM & Finance Heads in other cases. Format as per Comparative Statement of Prices Format at **Enclosure - 2 (Annexure - 21B)** shall be used for this. However, in case of procurement on GeM Portal, the system generated Comparative Price Statement need not be signed by HAL officers and should be placed in the file.

8.16 Correspondence with Vendors

Indenting departments/ Methods Engineering/ Facility Planning, responsible for preparing specifications etc. may correspond with various manufacturers/ vendors to firm up their specifications and to raise Purchase Request. All correspondences with vendor/s after issuance of tender, whether on technical or commercial points, has to be carried out only by Purchase Department. It is to be ensured while seeking commercial clarification if any, there is no change in the price and L1 status. Post placement of Purchase Order, User/ Indenting dept. may communicate with the vendor for the technical aspects with a copy to the concerned Purchase group/section.

While corresponding with the vendor, after expiry of the PO/Contract delivery period, following should be included as the last line of such correspondence:

“This letter/e-mail is issued without any prejudice to HAL’s rights and remedies under the terms and conditions of the subject PO/Contract and without any commitment or obligation."

8.17 Acceptance of Tenders

8.17.1 A bid is considered as successful

a) When price is the only criteria, the bid with the lowest price conforming to the specifications.

b) When there are price and other award criteria, the most advantageous bid ascertained on the basis of criteria and procedure for evaluating bids as specified in the tender documents.

c) Where there are no financial criteria, the most advantageous bid ascertained on the basis of selected non-financial criteria or other parameters for evaluating bids as specified in the tender documents.

d) Even when only one Bid is received, the process may be considered valid provided following conditions are satisfied:

   i) The procurement was satisfactorily advertised and sufficient time was given for submission of bids.

   ii) The qualification criteria were not unduly restrictive

   iii) Prices are reasonable in comparison to market values; and

   iv) No new source is identified for the tendered item post issuance of the tender.

8.17.2 Special care shall be taken to ensure proper scrutiny in the matter of financial soundness and technical capability of the firm.

8.17.3 As a matter of policy, the technically acceptable lowest offer shall be accepted. Lowest technically acceptable offer with variance in tender terms and conditions such as credit terms, delivery, penalty for late delivery etc. may be accepted on merits by the Division/ PNC (if the case is under negotiation), after required loading towards such factors having direct financial impact in comparative price statement. In the normal course deviations from conditions such as SD/PBG shall not be agreed upon.

8.17.4 Quantity Distribution when L1 has not offered tendered quantity

In case, the L1 vendor has not offered full quantity, the L1 vendor may be asked to confirm supply of full quantity and the quantity so confirmed shall be ordered on L1 vendor. The balance quantity can be ordered on the next higher responsive bidder at the rates offered by the L1 vendor.

If the full quantity is still not covered at L1 price, the balance quantity can either be re-tendered or cancelled with the approval of the competent authority as per DOP.

8.17.5 In case in the interest of securing continuity of supplies, it is so decided to split the orders on more than one vendor, a condition to this effect shall be stipulated in the RFQ specifying the basis of distribution of quantity provided bidders other than L1 agree to match up with L1 price. The basis for distribution shall be pre decided based on descending order with L1 getting highest share. In case other bidders are not agreeing to match L1 price, full quantity may be ordered on L1 bidder at the discretion of the Division. The distribution pattern may be decided locally by the division. The illustrative distribution pattern among the vendors is indicated below

i) among two vendors: 70:30

ii) among three vendors : 60:25:15

In case of failure of any vendor/s, the remaining qty i.e. qty ordered on the vendor or to the extent not performed by the vendor may be redistributed among other vendor/s with the approval of CFA considering the case as without additional financial implication.

8.17.6 Minimum Order Quantity:

In case some of the bidders offer MOQ higher than the RFQ quantity for any item then the L-1 should be determined by making comparison of the total cost implication (i.e. MOQ x unit price). However, the Division may suitably take up the matter with the L1 bidder for relaxation in MOQ. If not agreed by L1 bidder, the division can go ahead in purchasing the quantity as per MOQ and make adequate efforts for utilization of the items including the shelf life item before life expiry.

For additional quantity due to MOQ, separate provisioning approval is not required, however approval for provisioning from respective CPA to be sought along with procurement of MOQ in the PO proposal.

However, quantity tolerance mentioned in the RFQ or in the bid, where exact quantity cannot be supplied (e.g. in case of raw materials, etc.), commercial evaluation i.e. landed cost shall be done considering only RFQ quantity.

Further, in case the bidder quoted less than RFQ quantity, which is acceptable as per RFQ condition, commercial evaluation i.e. landed cost shall be done considering RFQ quantity and not the quoted quantity.

8.17.7 In case of bidder insisting on minimum order value against RFQ requirement, the offer of L1 vendor for those items to be compared with other vendors. If the total cost impact of placing the orders on other vendors is less than the minimum order value as specified by the L1, the orders for those items may be placed on other vendors suitably.

8.17.8 In a situation where two or more bids are same in figures along with other terms & conditions of the RFQ, an opportunity shall be given to the bidders for making a revised reduced offer in a sealed envelope and shall be opened by the tender opening committee on a fixed day in presence of the Bidders/ their representatives. In the event of Bidder/s not agreeing to revise their bids or become same again in all respect including price, order can be placed on any one of such vendors.

8.17.9 In case of open/ limited tender, if at the TEC stage, only one bidder is found complying with all the RFQ parameters and TEC after review of the single vendor situation, comes to the conclusion that the specification tendered in the original RFQ is the essential requirement and it cannot be reformulated, the reasons for the same should be recorded by the TEC. In these cases, approval of Level-I Executive

should be taken for opening the commercial bid in case of two bid system and for further processing the case for approval of CFA as per DOP.

8.17.10 A review of the procurement would also be carried out by the TEC who derives the causes of such single vender situation at TEC stage and details should be brought out in its report. The above facts on Single Vendor Situation should be brought out clearly while submitting the proposal to CFA for approval.

8.17.11 TEC for evaluation of single bid tender is as per **para 8.11.3** and in case of two bid system as per **para 8.11.4**.

8.17.12 On acceptance of a single offer in response to open/limited tender, reasons for single offer are to be analysed and recorded in the proposal for perusal of CFA. The single offer cases are required to be pre-audited by Systems Audit as per prevailing DOP.

8.17.13 Consideration of Abnormally Low Bids

An Abnormally Low Bid is one in which the Bid Price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the Bidder to perform the contract at the offered price. HAL may in such cases seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, HAL determines that the Bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, HAL may reject the Bid/Proposal commercially with the approval of Head of Division. However it would not be advisable to fix a normative percentage below the estimated cost, which would be automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid from the Bidder.

8.17.14 *Deleted*

8.18 Validity Extension

All efforts should be made to finalise and place the Purchase Order within the validity period of the quote received from the vendor.

In exceptional situations, preferably before the expiry of the original validity period, all the responsive bidders may be requested to extend the validity of their bids up to a suitable period. They may also be requested to extend the validity of EMD, if applicable, for the corresponding additional period. A bidder may not agree to such a request, and this will not entail forfeiture of its EMD. But the bidders who agree to extend the validity are to do so without changing any terms, conditions, and so on of their original bids. It should be imperative to bring on record in real time, reasons for seeking extension of the said validity.

In case such refusal by the bidder(s) to extend validity (or withdrawal of offer within validity) happens after bid opening, then the Techno-commercial evaluation shall be done for all bids (including the withdrawn bids) and Price bid of all techno-commercially qualified bidders (including the qualified withdrawn bids) shall be opened and Comparative Statement of Prices shall be prepared. If the bidder(s) who refused to extend the bid validity or withdrawn its bid/offer happens to be the L1 bidder, the case must be retendered. Otherwise, the tender should be processed further for placement of PO/ Contract.

Proposals put up for CFA's approval should have bid validity till approval is obtained.

8.19 Purchase Preference - Public Sector Undertakings, Ancillaries, MSMEs and Indigenous Manufacturers

8.19.1 Policies and Government directives, issued from time to time, regarding preference to be given to Purchases from Public Sector Undertakings, Ancillaries, MSMEs and Indigenous Manufacturers, etc. shall be taken note of while carrying out price comparisons. Where purchase preference to be given exceeds the prescribed limits in force, prior approval of CMD shall be obtained.

8.19.2 In respect of MSME, Govt. Policy is placed at **Reference - 4** and shall be applicable as amended from time to time.

8.19.3 Purchase Preference in respect of MSE owned by a SC/ST or Woman Entrepreneur:

With a view to promote such MSEs

a) Division may identify/earmark certain Goods/Services, which can be procured from MSEs owned by SC/ST entrepreneurs. RFQ may be issued for procurement of such Goods/Services on Limited tender basis to such MSEs or on Open Tender basis.

b) In case of an MSE owned by SC/ST/Woman entrepreneur is willing to accept L1 price, when their quoted price is within L1+15% range, preference should be given to them with first preference to MSE owned by SC/ST entrepreneur, second preference to MSE owned by Woman entrepreneur and then to other MSEs.

8.20 Negotiations

8.20.1 There should not be any negotiations, where there has been competitive bidding. Negotiations, if at all, shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiations.

8.20.2 Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. The negotiations should not unnecessarily delay the award of work/contract.

8.20.3 Negotiations may be resorted to, to arrive at a fair price in the case of purchase of Licensed/ Transfer of Technology (ToT)/ OEM/ proprietary articles or where tendering has evoked limited response or where the items to be purchased are such that there is only one or two established sources of supply and where the parties appear to have over-quoted.

8.20.4 Procedure for Holding Price Negotiation with vendor shall be as per **para 8.20.8**. PNC chairman may decide for mode of negotiation i.e. teleconference, video conference, meeting across the table. Record of discussion/ PNC minutes to be kept in file after getting signature of both parties. PNC recommendation should be prepared & coordinated by the members of PNC and approval of Chairman of PNC should be taken within a maximum period of one week of completion of PNC and the proposals for placement of orders are to be initiated only after finalisation of PNC recommendation.

8.20.5 MIS information on negotiation, which are in progress for more than 3 months with indication of no. of discussions/rounds held, to be forwarded to CO-IMM for putting up to Management.

8.20.6 Price reduction taken up through correspondence shall not be treated as negotiation.

8.20.7 Constitution of Price Negotiation Committee (PNC)

CFA	Level-I Executive	FD/CEO	CMD / Board Committee / Board
Members	Heads of User Department and Finance of the Division (*)	Head of the Division (*) Head of Complex Finance (*) Head or Representative of Complex Technical Office, if any (*) Head of Divisional Finance	Director/ CEO of the Complex (Chairman of PNC) Head of the Division Head of Complex Finance Head or Representative of Complex Technical Office, if any Head or Representative of Corporate Planning Head or Representative of Corporate IMM/ Corporate Finance Head of Divisional Finance
Member Secretary (**)	Head of IMM of Division	Head of IMM of Division	Head of IMM of Division

a) (*) PNC would be chaired by the Senior Most member.

b) (**) In respect of PNC other than for Procurement of Materials like Service, ToT, etc., the representative of the department responsible for execution of the said service / Project (Contracts/ ToT) shall be the member secretary and Head of IMM shall be the Member.

c) Where Head of IMM is the senior most member in the PNC of the Division (i.e. CFA is Level-I executive), he/she will be the Chairman of the PNC. His/Her nominee will be the Member Secretary of the PNC for procurement of materials.

d) Additional members could be co-opted based on requirement.

e) In case of Design & Development and Indigenisation Project where prices are finalized for production phase, representative of Complex Finance of respective platform Division as nominated by the Complex Finance to be included in the PNC of such item.

f) For Customer Funded items / Buyer Nominated Equipment (BNE), representative(s) of the Customer Organisation or Customer nominated agency could be invited to participate in the PNC, wherever required.

g) Approval of conducting price negotiation needs to be obtained from Level-I executive.

h) In case of Corporate Office Representatives are not able to attend due to exigencies of work, exemption from participation could be approved by the Director (Finance)/ Director (Operations).

i) PNC for Level-II and Level-III will be constituted by respective Level-I Executive.

j) Constitution of PNC in case of transactions with JVCs/ Subsidiaries will be based on CFA as per applicable clause of DOP for procurement of Goods, Services, etc. However, members/ chairman of PNC should not be nominee director of that particular JVC or subsidiary.

k) For procurements at Corporate Office, where CFA is Level-I Executive, Head of Purchase will be the Member or Member Secretary, as applicable, of PNC in place of Head of IMM.

8.20.8 Procedure for Holding Price Negotiation with Vendor

a) The Member-Secretary of the PNC will fix suitable date(s) and venue for holding negotiation with the vendor after consulting the Chairman of the PNC and circulate the Agenda for Negotiation to all the Members of the PNC in advance of the scheduled date of negotiation. The agenda would contain the following documents:

i) Brief for holding PNC, duly vetted by Head of Division where CFA is FD/CEO and above. In other cases, where CFA is Head of Division and below, divisions may appropriately decide.

ii) Technical Evaluation Statement duly vetted by the Technical Committee.

iii) Commercial Evaluation statement with Division's Recommendations

iv) Price Comparison Statement duly signed by IMM/ Projects and Finance Representatives. The level of these officials may be appropriately decided by the Division.

v) Points for discussion / negotiation.

b) Prior to holding negotiation with the vendor, the PNC will hold an internal meeting to work out the strategy. After the negotiations, Minutes of the discussions will be prepared and the PNC will submit a report recommending the procurement or otherwise.

c) Subsequent to the PNC, the Division will put up a proposal for approval of CFA along with the revised offer of the vendor based on negotiation or Minutes of the Meeting indicating the details of revised offer duly signed by the vendor's representative.

8.21 Re-Tendering

8.21.1 Re-tendering is not to be resorted to in the normal course. However, re-tendering shall be considered in the following exceptional cases:

a) When the prices are considered high taking into consideration of quantity, Industrial price escalation, Obsolescence, Nature of Item, Value of the proposal etc., in comparison to assessed reasonable prices and the negotiation has not resulted in desired outcome.

b) When it is suspected that there is a ring/cartelization existing and price have been manipulated.

c) Material change in the basic specification has been introduced after receipt of bids. The re-tendering in such a case should be resorted to only after recording detailed reasons for post tender change in specifications and obtaining the approval of Head of Division.

d) In situation where after opening of commercial bids, evaluation of tenders become difficult due to insufficient information available to objectively evaluate commercial bid.

e) None of the offers meet the desired specifications.

f) The L1 bidder withdraws the offer in any procurement mode/portal or fails to execute the order or do not agree for extension of validity when it becomes necessary.

g) When there is a sudden slump in the market.

h) No quote received from the bidder

i) In case, after review, TEC comes to the conclusion that original specification can be reformulated to avoid a single vendor situation, the same should be recorded and fresh RFQ either Limited Tender/ Open Tender based on the merits of the case should be issued.

j) Any other reasons with proper justification

8.21.2 The enquiry on Re-tendering shall not be floated to the L-1 bidder of the previous tendering in case the L1 bidder withdraws the offer within validity or fails to execute the order, and also appropriate action, if required, to be taken.

8.21.3 Re-tendering when resorted to shall be only after obtaining the approval of Head of Division/ Level-I Executive. 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.

8.21.4 In case of change of mode of tendering, proper justification needs to be brought out clearly at the time of seeking re-tendering approval.

8.21.5 Upon approval for re-tender, proceedings of previous tender are treated as closed and refund of EMDs if any, shall be done to the bidders.

8.22 Time frame for Processing

Each Purchase Proposal being unique, time frame for processing would vary depending upon the type of proposal, Number of items involved, Category of the item in the proposal and Number of proposal which are under processing. The time frame for processing should ensure that all efforts are made to place the Purchase Order within the validity of the offer. However, for guidance indicative time frame is placed at **Annexure – 20.**

8.23 In case a bidder is a JV company of HAL, the guidelines issued for processing procurement from HAL's JV companies by Company Secretary from time to time shall be followed.

Chapter - 9

PURCHASE PROPOSAL, ORDER AND ORDER AMENDMENTS

9.1 Purchase Approval

9.1.1 A purchase proposal for approval shall be comprehensive and self-contained. A standard proforma as per **Annexure – 21** shall be used for putting up purchase proposals.

9.1.2 Guidelines for filling up the format are endorsed in italics in the format. The dealing officer will ensure that all the points are answered clearly without any ambiguity.

9.1.3 The Divisions, while putting up the proposal for Head of Division's approval need to indicate only the routing of the Division and for obtaining the approval of CEO/ Corporate Office, necessary routing can be added accordingly. (Refer the last page of the format).

9.1.4 While in the Divisions the format/proposal can be put up along with the file, for obtaining the approval of Complex/ Corporate Office, only the format along with the necessary minimum applicable enclosures as under are required to be forwarded:

- Technical Evaluation Statement
- Comparative Statement of Prices
- Commercial Evaluation Statement
- Price justification
- Agenda/ points for negotiation
- PNC Recommendation
- Draft Purchase Order/ Contract/ Supplementary Agreement

9.1.5 On approval of the proposal, one copy of the proposal with necessary sanction would be returned to the Division/Complex for taking further action.

9.1.6 The division while putting up the proposal for PC/Board approval should ensure to enclose the brief summary as per the format (**Annexure – 22**) along with the Board note/brief for the approval.

9.1.7 Chronology of progression of purchase proposal, placed at **Annexure – 21H**, to be enclosed along with all proposals.

9.1.8 The Purchase Section, on the basis of approved purchase proposals, shall release purchase orders at the earliest.

9.2 Purchase Order

The following instructions shall be followed, while preparing the purchase orders

a) All purchase orders shall be generated through ERP.

b) Total No. of items and total PO value must be mentioned in words to obviate any unauthorized alterations.

c) Alterations, additions or amendments shall be avoided on Purchase Orders. Amendments if any are to be effected only by issuing Purchase Order amendments.

d) Where CFA is CEO/Director/CMD/PC/Board, only purchase proposals along with relevant annexures to be put up for approval. Draft Purchase Order/ Contract should be cleared by the Division.

e) Draft Purchase Orders shall be signed by head of purchase where CFA is CEO/Director/CMD/ PC/Board and by an Officer at the level of Manager/ Senior Manager in other cases. Draft purchase order shall be signed in full duly indicating designation on two copies of the purchase orders, one of which shall be sent to Finance and other to be retained as master office copy in the purchase file. The Draft Purchase Order should be superscribed as “draft” or “for internal use” to avoid any misuse or wrongful transmission of the PO to the vendor before approval by CFA. After approval of CFA the Purchase Order shall be signed by an Officer not below Dy Manager. Where availability of officer at Dy Manager or above is not there in the department, IMM-Head may decide the lower rank officer for signing such Purchase Orders. However, the officer signing the Purchase Order shall ensure compliance of all terms & conditions, prices & items of approved 'Draft Purchase Order'.

f) Regarding determination of CFA for the selected party, if there is considerable time gap in the date of preparation of comparative statement and submission of the proposal, the rate of foreign exchange as at the time of preparation of the purchase proposal to be considered if, there has been movement in the foreign exchange which is likely to affect the determination of CFA. This does not change the status of L1 as determined by the exchange rate at the time of tender opening.

9.3 Delegation of Powers

As approved by the Board of Directors shall apply.

9.3.1 *Deleted*

9.3.2 *Deleted*

9.3.3 *Deleted*

9.4 Purchase Order/ Database

All purchase orders including amendments should be processed through ERP system.

a) Purchase Order (PO) or its amendment shall be released with two-level authorization (i.e. creator and authorizer) in IFS-ERP after verifying with the draft PO/ Purchase Proposal as approved by the appropriate CFA.

b) The PO lines in IFS-ERP should completely match with the quantities mentioned in the draft PO/ contract (as approved by the CFA) to avoid any modification in the IFS-ERP purchase order post release of PO for accommodating the RRs / Payments.

c) Many times, approval of CFA is obtained in Purchase Proposal to make payment to the vendor on actual basis (e.g. due to change in statutory levies, Exchange Rate Variation (ERV), Escalation amount due to Price Variation Clause (PVC), etc.). In such cases, PO is amended in IFS-ERP considering that prior approval is available from the CFA. For such changes/ amendments in IFS-ERP, approval from the following authority should be obtained with concurrence of Finance enclosing the draft IFS amended PO in order to avoid any fraud, wrong payment, etc.

   i) same CFA where the original proposal was approved by Level - I, Level - II and Level - III executives, and

   ii) Level - I executives in all other cases.

9.5 Distribution of Purchase Order Copies

9.5.1 The original or scanned copy of signed purchase order is sent to vendor while a copy is retained in the purchase file. Further, as a distribution of PO/ Proposal copies to other associated departments like Finance/ CPPC, Stores, Indenter, Quality and User department should have an access to Purchase Order through ERP. Such of the orders not accessible through ERP may be provided as hard copy against specific requirements.

9.6 Purchase Order Acknowledgement

9.6.1 A copy of purchase order shall be sent to the Vendor with a request to send back the acknowledgement as a token of acceptance of the order.

9.6.2 While sending a copy of Purchase Order for acknowledgement by the Vendor, a suitable mention must be made of the period within which the Vendor has to respond. In case the acknowledgement is not received within the stipulated period, the dealing officer should correspond with the Vendor for an appropriate response

9.6.3 All the orders, immediately after placement, need to be followed up for Order Acknowledgement (OA) from the vendor and on receipt of the OA, the same needs to be reviewed vis-à-vis Purchase Order terms & conditions w.r.t. correctness of price, delivery and other terms & conditions. In case, any of the terms & conditions indicated in the OA is not in line with PO terms & conditions, the same need to be followed up with vendor for correction. The same need to be followed up with the vendor till receipt of the OA in line with the PO/ Contract.

9.7 Purchase Order Amendment

9.7.1 Amendment to purchase orders may arise due to any one of the below reasons, but not limited to:

a) Change in price/ payment terms

b) Change of delivery date

c) Amendment to quantity

d) Change in mode of transport

e) Correction of errors and omissions

f) Change in statutory requirements

g) Change in terms & conditions

h) Change in Bank Account Details

i) Inclusion/change of any aspect

9.7.2 Amendment to Purchase Order/ Contract shall be approved by the appropriate CFA as per prevailing DOP.

9.7.3 In case of change of existing Vendor without change in the vendor's country be it an Indian/Foreign (by way of merger/assignment involving change of name/only change of name) then, for an Indian Vendor (or) a Foreign Vendor who is registered in India (or) for a Foreign Vendor only, the following documents by way of scanned/hard copies are required to be submitted:

a) Company incorporation Certificate reflecting change in (new) name (registered in India or outside India).

b) Request letter by Vendor on company letter head (having new name) to HAL requesting for change of name.

c) Bank Mandate reflecting new name, address of company and account details.

d) Cancelled cheques (for Indian Vendors only).

e) Website links of the company, with updation of new name (mainly for foreign vendors). (Optional)

f) Memorandum of Association (MOA) and Articles of Association (AOA) reflecting the new name. (Optional).

g) Copy of Business Purchase Agreement (BPA) or Business Transfer Agreements (BTA) reflecting the change of name. (Optional).

h) Board resolution showing consent for change of name. (Optional).

Note: The document/s marked as (optional) are not mandatory, but only required in case of any interpretation is required on case to case basis.

9.7.4 Summary of Purchase Orders Amended during a Month shall also be hosted on HAL websites along with Summary of Purchase Orders Released during the Month (**Annexure – 28B**).

9.7.5 Freight Forwarder and/or other logistics department/ partner shall be informed about the cancellation/ short-closure or any change in Incoterms of Purchase Order/ Contract.

9.8 Purchase Order Terms and Important Conditions

The terms & conditions in the purchase order, including payment terms, LD for delayed supplies and bearing the cost of LC confirmation/extension etc. need to be very clear and may be amplified if necessary to avoid ambiguity/misinterpretation. No such condition, which has not been agreed and finalised with Vendor, should be incorporated unilaterally **(Annexure – 14).** Some of the important conditions of purchase orders are enumerated below:

9.8.1 Standard Terms and Conditions

Vendors generally quote as per their standard terms and conditions of sales. These conditions shall be examined and effort shall be made to bring round the Vendor to agree to the standard terms and conditions of the Company. For any contract to be legally binding the acceptance of tender conditions in toto is essential. If the Bidder has quoted his own terms and conditions, he should either be persuaded to withdraw his terms and conditions or the same may be agreed to and incorporated in the order, depending upon the situation.

9.8.2 Prices

As far as possible, orders shall be on firm prices. In certain cases, some firms quote and insist on prices ruling at the time of dispatch and there may be no other option. In such cases, the firms may be advised to intimate the ruling price and obtain concurrence before dispatch.

9.8.3 Delivery Schedule

a) Delivery schedule of all items need to be monitored and followed up meticulously, ensuring availability of material. IMM head should periodically review all outstanding orders along with the dealing officers.

b) In case, supplies from vendor are getting delayed beyond the scheduled delivery, the information need to be shared with Material Planning/ Indenting department. In cases of urgency, alternate action may have to be initiated, keeping in mind what action has to be taken against delayed supply to meet the production urgency. If there is a need for alternate provision for ordering, before taking up for such action, the earlier order need to be taken up for review and short closure/ delivery extension as considered necessary.

9.8.4 Payment Terms

Payments on proof of dispatch shall be allowed only to approved Vendors and firms of repute. Under all circumstances, satisfactory proof of dispatch shall be insisted upon. The tender/ request for quotation should not indicate any advance in payment terms.

9.8.4.1 Advance Payment

For advance payment to vendors, guidelines issued from time to time needs to be followed.

For Micro & Small Enterprise (MSE) & Start-up company, up to 15% (of the basic price) interest free Advance shall be payable against Bank Guarantee or Insurance Surety Bond of equivalent amount, balance amount shall be paid within 30 days of receipt and acceptance at our stores. Additional up to 10% Milestone payment (apart from 15% Advance payment) may be made (to MSE and Startup Company) on submitting proof of order placed by the Vendor for procurement of raw materials. In case Advance and/or milestone payment is not sought by the vendor, 100% payment shall be made within 30 days of receipt and acceptance at our stores. However, in case of Global tenders, MSMEs & Start-ups may opt for payment through Letter of Credit.

In case of competitive bidding (viz. Open/ Limited Tender, etc.), if a bidder is seeking for interest free advance payment and milestone payment, simple interest (at MCLR + 2% per annum rate) on the advance / milestone payment amount should be loaded for commercial evaluation (refer Loading Factor defined at **Reference 2**).

Similarly, in case of interest bearing advance and milestone payment, simple interest amount (at MCLR + 2% per annum rate) towards advance/milestone payment shall be recovered/ adjusted while making payment towards the supplies.

Note: 1) Marginal Cost of Funds-based Lending Rate (MCLR) for calculating simple interest on advance amount and milestone payment should be considered from State Bank of India (SBI) as prevailing on the day of opening of commercial bids.

2) For MSEs & Start-ups, interest amount should be calculated for beyond 15% Advance and beyond 10% Milestone Payment.

9.8.5 *Deleted*

9.8.6 Arbitration Clause

The clause on 'Settlement of Disputes and Arbitration' mentioned at **Annexure - 14** shall be incorporated appropriately in all enquiries/ tenders, purchase orders, contracts/ agreements.

9.8.7 Security Deposits and Performance Guarantees

9.8.7.1 The requirement of submission of interest free Security Deposit through Demand Draft or Bank Guarantee (BG) and Performance Bank Guarantee (PBG) by the successful bidder may have to be incorporated in RFQ depending upon the nature and the merits of each case. In such a case, the Security Deposit (BG in lieu thereof) and PBG have to be obtained as per the prescribed schedule and must be deposited by the firm within specified time.

9.8.7.2 Approval of competent authority for relaxation of condition relating to EMD/ Security deposits/ PBG needs to be obtained prior to invitation of bid based on merit of each case, in line with DOP.

9.8.8 Agents/Agency Commission

9.8.8.1 The clause on 'Agents/Agency Commission' mentioned at **Annexure - 14** shall be incorporated in all enquiries/ tenders, purchase orders, contracts/ agreements.

9.8.8.2 It should be ensured that the Vendor confirms/responds to this clause at the time of registration as well as along with the offer.

9.8.8.3 Following additional clause shall be incorporated in all enquiries/ tenders, purchase orders, contracts/ agreements:

“HAL has not appointed any agent in India or outside India for procurement of any items and deals directly with vendors. In case any individual or firm approaches you posing themselves as an authorised agent of HAL, it is requested that you should not entertain such claim and in addition inform immediately to HAL”.

Designation of the officer to whom information to be sent should be indicated.

9.8.9 Liquidated Damage Clause

9.8.9.1 Liquidated damages are remedies available to compensate for the financial loss suffered as the result of a proven breach of contract.

9.8.9.2 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 Bidder/s 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.

9.8.9.3 However, a careful watch shall be kept on agreed delivery schedule and the firm shall be warned by sending reminders at appropriate time before the expiry of delivery date. Liquidated damages due as per agreed amount shall be recovered from the payments due to the Vendor and shall not be postponed till the final payment becomes due. However, in case where the delay has occurred on account of Force Majeure situation at the end of the vendor or is not attributable to the vendor, the PO shall be amended without imposition of LD. In case the delay is attributable to the vendor, but in the interest of securing supplies/ further supplies and maintaining long term business relationship with the vendor in the commercial and financial interest of the company, it is considered not to impose LD, the same shall be waived with the approval of Competent Authority as per DOP.

9.8.9.4 When it is determined that a liquidated damages clause will be included in the contract/ Purchase Order, the applicable clause and appropriate rate(s) must be contained in the RFQ.

9.8.9.5 Once liquidated damages are included in a contract, actual damages are not recoverable.

9.8.9.6 Contracts with liquidated damages clauses should also contain excusable delay clauses. These typically provide that if the Vendor is delayed by certain specified causes that are beyond the Vendor's control (e.g., supply of materials/drawings/tools/specifications by HAL, activities determining To etc.) then the resulting delay is excused and liquidated damages will not be assessed.

9.8.9.7 Liquidated damages calculation on the delayed duration to be done based on the date on which the work/supply is substantially completed. Substantial completion is usually defined as the time when the construction site or the supplies delivered are capable of being used for their intended purposes. There is no predetermined percentage that will establish substantial completion and the decisions place more emphasis on the availability of the work for its intended use than on the use of formulas as to the percentage of completion of the work.

9.8.9.8 Determination and extent of Liquidated damages to be recovered from a Vendor shall be determined by User/IMM and advised to Finance. Document evidencing completion of Bidder/Vendor's obligation as per Incoterms indicated in **para 19.11 or 19.14** (as the case may be Incoterms 2010 or 2020) will be the basis for determining LD.

9.8.10 Price Escalation Clause

Escalation clause, where agreed should have a fixed element and a variable element consisting of labour and material. Price escalation clause, if agreed to, shall be clearly defined as to what extent and on what basis escalation is admissible. The clause should also specify cap on escalation. Price Escalation Clause needs to clearly define applicability of escalation up to point of ordering or point of delivery.

Also, a sample copy of Price escalation calculation (i.e. over a period of 3 to 4 years based on past indices) whether Point-to-Point or Year-on-Year basis should be incorporated in Purchase Order.

9.8.11 Integrity Pact

a) The system of signing of an Integrity Pact (IP) has been introduced in HAL in line with Govt. directives for the Contract(s)/POs based on the threshold value notified from time to time.

b) The IP essentially envisages an agreement between the prospective bidder(s) and the buyer committing the persons/officials of both the parties not to exercise any corrupt practices/influence on any aspect of the contract.

c) The main highlights of implementation of IP are as follows:

i) Vendors/Bidders (including Govt. Organisation, PSU, etc.), 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).

ii) In case of non-submission of signed IP by licensor/ OEM/ proprietary source/ single tender basis, the offer received from such vendor should be considered for evaluation, however vendors will be insisted upon to submit the signed IP before finalization of the Purchase Order/ Contract. In such case signed IP should be obtained before putting up to the proposal for CFA's approval.

iii) It has to be ensured through an appropriate provision in the contract that IP is deemed as a part of the contract so that the parties concerned are bound by its provisions.

iv) IP should cover all phases of the contract i.e. from the stage of Notice Inviting Tender (NIT)/ Request for Quotation (RFQ) till the conclusion of the contract i.e. the final payment or the duration of warranty/guarantee.

v) Name and e-mail id of the concerned Independent External Monitor (IEM) should invariably be cited in the tender. Further, appropriate clause advising the bidders to approach the Independent External Monitor (IEM) for Integrity Pact related issues only and to Tender Issuing Authority for all other clarifications related to the tender shall be mentioned in the tender.

vi) A cross reference clause is required to be included in the Purchase Order/ Contract to link and co-relate IP & Purchase Order/ Contract accordingly.

d) The standard format of IPs are as per **Annexure - 24A** (Omnibus IP format) & **Annexure - 24B** (Standalone IP format).

e) On opening of the respective tenders, it should be ensured that all vendors/bidders have signed and submitted the IP before processing the bids further.

f) Integrity Pact needs to be signed by the bidder as per the HAL format. Signed IPs so received without any deviation (from HAL's approved format) from the bidders, to be put up to Head of the Division for signature. A copy of the signed IP by the HAL needs to be forwarded to the respective bidders preferably within 15 working days from the date of opening of first bid. In case bidder have signed IP with any material change/deviations (from HAL's approved format) against competitive tendering, the bids of such bidders needs to be summarily rejected. In case of deviation in signed IP by licensors/ proprietary source/ OEM/ single source basis, such IP with deviation necessarily should be signed only after approval of the Board for the deviation before putting up to the Head of the Division for signature. After the signature, a copy of the IP to be forwarded to the bidder preferably within 7 working days. After approval of the deviation in the IP

by the Board, the Head of the Division needs to forward a brief of the case to CVO, HAL to enable CO-Vigilance to forward the same to CVC with a copy to MoD for information.

g) A copy of the signed IP along with brief of the tender needs to be forwarded to Corporate Office within 15 days from the opening of first bid.

h) Once an IP with deviation(s) be approved by the Board, approval of the Board is not required once again for the same deviation submitted by the vendor for other tenders. However, separate IP needs to be signed against each tender.

i) RFQs which are issued with the requirement of IP, should be forwarded to CO-IMM. CO-IMM would consolidate and submit information to the IEMs as per prevailing guidelines.

j) IP signed (Standalone IP or Omnibus IP) against Contract/Agreement/TOT/LTBA/LTRA cases should be valid till completion of respective Contract/agreement (i.e. valid till 12 months after the last payment made under this Contract/Agreement). Separate IP need not be obtained once again for the subsequent orders to be issued based on the provision indicated in the Contract/Agreement/TOT/LTBA/LTRA etc.

k) Types of Integrity Pact Formats:

   i) Two IP formats i.e. Omnibus IP & Standalone IP formats will be in the operation.

   ii) The Vendors/bidders shall be given option for accepting and signing either Omnibus IP format or Standalone IP format. Both Standalone IP & Omnibus IP formats needs to be enclosed along with all NITs/RFQs with a suitable clause indicating that bidders can select either Standalone IP or Omnibus IP for signing with HAL.

   iii) A standard clause to be included in the NITs/RFQs indicating that in case the vendor had already signed Omnibus IP with any Divisions of HAL and the same is valid then they can enclose a copy of the same against this tender, instead of signing fresh Integrity Pact, by providing the details such as date of signing, validity, Division, etc.

   iv) Divisions will sign IPs (Standalone IP or Omnibus IP) with the bidders as per the procedure indicated.

   v) Omnibus IP & Standalone IP are applicable to the individual entity/firm who has signed the IP. These IP will not be made applicable for the other companies of that group or as a group companies. Each individual entity/firm should sign separate IP.

   vi) In case, the validity of Omnibus IP expired before opening of the bid (first bid), then the concerned Division who received the quotation should sign a fresh IP (either Omnibus IP or standalone IP) with vendor, in case the validity of omnibus IP not extended by the vendor.

   vii) Corporate Office will maintain the data on Omnibus IPs & monitor its validity. The details (viz. Division, nature of vendor, date of signing IP, validity, etc) of IPs will be hosted on HAL portal (intranet) for reference. However, concerned Division is responsible to get the extension or sign new Omnibus IP with the bidders.

l) Whenever queries/clarifications are sent by the vendors to IEM w.r.t. the tender issued by the Division, based on the contents of the complaint, IEM shall forward such complaint received from the vendor to CO-IMM to provide feedback/inputs to IEM to enable the IEM to make response to the vendor or may advise HAL to take needful action on this issue. CO-IMM will, in turn, correspondence with the concerned division in this regard. The Division should not directly communicate with the IEM for any issue.

m) Integrity Pact with modifications proposed by the Proprietary Source/Licensor/Customer Nominated Source, which do not have material impact to the standard Integrity Pact format, should be signed (by HAL authority) only after approval of CMD for the modifications.

n) In case Central Government Organization does not agree to sign Integrity Pact against the tender/Contract (where there is no competition), approval should be obtained from CMD for granting exemption/waiver from signing of Integrity Pact by the Central Government Organization. In all other cases, exemption/waiver from signing of Integrity Pact by the Bidder/Seller shall be with approval of the Board.

9.8.12 Immunity to Government of India

The clause on 'Immunity to Government of India' mentioned at **Annexure - 14** on the subject shall be included in the Terms & Conditions of the Purchase Order/ Contract/ Agreement.

9.8.13 Denial Clause

If reason for delay in delivery is attributable to the Vendor, HAL should protect its interest against such extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD). Thus, 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 Bidder/Vendor during the delayed delivery period, while HAL reserves its right to get any benefit of a downward revisions in statutory duties, PVC and foreign exchange rate, during the delayed period.

9.9 Purchase Order Returns

9.9.1 The Purchase Order returns should be submitted (as per **Annexure – 25**), every month, for all categories of Purchase Orders placed by the Divisions.

9.9.2 The PO returns are to be submitted to CO-IMM in Excel Sheets separately for imported & indigenous purchases, every month by 10th of the following month.

9.10 Import of Items/ Customs Duty Payment in respect of Goods required by User/ Design dept. without formal PO/ Contract coverage

a) User department should not directly contact the vendor for any import requirement/ supply of items. This needs to be intimated to IMM department and subsequently, IMM department will follow necessary commercial procedure to meet such requirement.

b) Customs formalities/ clearance from Customs authorities to be obtained, in case of import of used/loaned item/s.

c) Procurement of Cat B items should be discouraged. However, in exceptional cases, Cat B items should be purchased with the approval of the competent authority. Further, check needs to be carried out for customs duty payment, whether it is calculated on the value of Cat A/ Cat B items or value disclosed by the vendor, as the case may be.

d) Necessary approval and PO amendment to be done, in case of change in quantity or additional requirement as per guidelines/ PO terms & conditions.

e) Proper Receiving Reports (RRs) to be generated as per procedure for all such deliveries as and when received in the Stores.

9.11 Monitoring of Aircraft/Engine Components & Test equipment sent to Foreign OEM/ Vendor for Repair/Overhaul

a) Status of Items sent to OEM/ Vendor for Repair/Overhaul (including under warranty repair) should be reviewed periodically.

b) Such repairables should be followed-up with the respective Vendor for return as per the repair lead time and within 5 years from the date of export, so that HAL will be liable to pay the Customs duty, wherever applicable, only on Repair/Overhaul value as per Customs notification No.94/1996-Cus Dated:16-Dec-1996, No. 45/2017 Dated 30-Jun-2017 and No. 39/2024-Customs Dated 23-Jul-2024 as amended from time to time.

Chapter - 10

SUB-CONTRACTING

10.1 Sub-contracting is covered under a separate Sub-Contracting Manual. However in respect of subcontracting to OEM or Foreign Vendors, the movement of material and finished goods is through customs and mode of payment will be through foreign currencies. Purchase procedure within the delegation of powers as per Subcontracting can be followed.

10.2 Outsourcing to Licensor/OEM sources in case of exigencies due to constraint of technology absorption/ capacity needs to be approved by the Board.

10.3 Purchasing from Licensor/OEM where manufacturing facilities have been planned/established is not considered as sub-contracting. However the provisions of DoP required to be followed.

Chapter - 11

IMPORT PURCHASE

Customs Duties and System of classification of Goods

11.1 Customs duties are chargeable on the act of importation of Goods. On some goods, customs duties are also charged on the act of exportation. The nomenclature of goods form the basis for prescribing appropriate duty on goods imported/exported. The nomenclature combined with the duty rates is called the Tariff and 'Tariff Schedule'.

11.2 The Indian Customs Tariff has 21 sections and 98 chapters. A Section is a grouping together of a number of Chapters, which codify a particular class of goods. The Section notes explain the scope of chapters/headings, etc. The Chapters consist of chapter notes, brief description of commodities arranged at four digit, six digit and eight digit levels. Every four-digit code is called a 'heading' and every six-digit/eight-digit code is called a 'subheading'. Applicable exemption notifications are also indicated after the classification.

11.3 "Classification of Goods" is determination of heading or sub-heading under which a particular item is covered is based on the Harmonized System of Nomenclature (HSN), which has been established by the World Customs Organization.

11.4 Goods are classified taking into consideration the scope of headings/subheadings, related Section Notes, Chapter Notes and the General Interpretative Rules (GIR).

11.4.1 The GIR is a set of 6 rules for classification of goods, to be applied sequentially:

Rule 1: gives precedence to the Section notes/ Chapter notes while classifying a product.

Rule 2(a): applies to goods imported in assembled/unassembled condition. Such goods may be in incomplete or finished form.

Rule 2(b): is applicable to 'mixtures' and 'composite goods'. Goods, which are not classifiable by application of Rule 2(b), will have to be classified by application of Rule 3.

Rule 3: has three sub rules.

Rule 4: states that goods, which cannot be classified by application of the preceding rules, may be classified under the heading appropriate to the goods to which they are most akin.

Rule 5: applies to packing materials/articles in which the goods are carried.

Rule 6: provides the general guideline for classification of goods under the appropriate sub heading.

11.5 The rate of duty specified in the Tariff Schedule is called 'Tariff rate of duty'. Goods which are not identified for concessional rate of duty/ exemption from duty by issue of an exemption notification are levied to the tariff rate of duty. In the export tariff schedule, only the commodities on which export tariff is levied are stated which does not involve the rigorous process of classification. Refer website: http://www.cbic.gov.in.

11.6 The duty structure is subject to change by the Government, generally on presentation of annual Budget in the Parliament or otherwise and it is necessary for the Purchase Groups to keep abreast of such changes and refer to the latest provisions only.

11.7 Permissibility of import and export of Goods is governed by the nomenclature, ITC (HS) classification of import and export goods, published by the Directorate General of Foreign Trade (DGFT). In this

nomenclature, goods are arranged as they are in the HS but are codified by ten digit numerical code to identify goods with more precision for purposes of import/export control.

11.8 Customs Valuation

The rates of customs duties leviable on imported goods (& export items in certain cases) are either specific or on ad-valorem basis (i.e. depending upon its value) or at times specific cum ad-valorem.

11.9 Clearance of Import Cargo & Demurrage Charges

11.9.1 To ensure timely receipt and forwarding of Shipment Documents viz. Bill of Lading/ Airway Bill, Invoice, Packing List (s), Quality Certificate (s), Warranty/Guarantee Certificate, Certificate of Country of Origin, etc. to the clearing authorities well in advance along with copy of Purchase Order including its amendments.

11.9.2 To co-ordinate in providing timely information such as Technical Write-up, Literature, Clarifications, etc. to the Clearing Authorities wherever required, to speed up clearance.

11.9.3 A clause also is to be incorporated in the Purchase Order indicating that any demurrage charges paid by the Clearing Authority on account of delayed delivery of requisite documents or error in the documents provided by the Bidder/Vendor and attributes to Bidder/Vendor, the same will be to the account of the Bidder/Vendor.

11.9.4 A clause is required to be incorporated in the Purchase Order clearly indicating that the Bidder/Vendor shall notify the ultimate consignee, the details of shipment within 24 hours of dispatch of items from the port of shipment in respect of Sea Cargo. One set of shipment documents including Bill of Lading, Invoice, Packing List(s), Quality Certificate(s), Warranty/ Guarantee Certificate, Certificate of Country of Origin, etc. is to be sent by Air Courier to reach Buyer, within seven days of Bill of Lading.

11.9.5 Port of Discharge and Place of Delivery, to be clearly indicated in the Purchase Order, wherever Port of Discharge and Place of Delivery are not the same in respect of Sea Cargo.

11.10 Rights of Appeal and CESTAT

11.10.1 Under the Customs Act, 1962, an importer can appeal against a decision on valuation to the Commissioner (Appeal) in the first instance. A second appeal lies to the CESTAT (Customs, Excise & Service Tax Appellate Tribunal), the apex tribunal for deciding appeals against the orders passed by the commissioners of customs and central excise. However, in reference to Settlement of disputes between one Government Dept. and another and one Govt. Dept. and a Public Enterprise and Public Enterprises and another, the **Govt. order no 3/3/91-PMA dated 5th May, 1993** specifies that –

i) Any litigation involving Ministries and public undertakings of Government of India before being taken up in courts or tribunal the matter be first examined by the Committee set up by Cabinet Secretary in order to get clearance for litigation. This Committee of Secretaries comprising of Cabinet Secretary, Secretary ID, Secretary DPE, Secretary Deptt. of Legal Affairs, Finance Secretary and the concerned Secretary clear cases for litigation to be taken up with courts and tribunal.

ii) Any Public Sector Enterprises desiring to go for appeal to ITAT/ CESTAT/ Railway claims Tribunal or courts should first get each case of dispute scrutinised carefully by their Board of Directors. The Board of Directors should clearly recommend after careful examination of all aspects of the case, whether it should be taken up to the Tribunal/Court. On the recommendations of the Board of Directors that the case should go to Tribunal or Court, it will again be scrutinised by the administrative Ministry/Department concerned. Secretary to the administrative Ministry/ Department would then carefully scrutinise the case in order to decide whether an appeal before Tribunal or Court is necessary and worthwhile.

iii) Only such cases that are recommended for appeal to ITAT/ CESTAT/ Railway Claims Tribunal and court by the administrative Secretaries of Ministries/Departments should be put up to the aforesaid Committee of Secretaries for getting clearance for further litigation.

11.10.2 In case where disputes arise between two Central Govt. Dept. or Public Sector Undertaking, there is no requirement of obtaining approval of the Committee on disputes for pursuing litigations as was being done. Field formations may now pursue their appeals in the respective Tribunals/Courts without obtaining clearance from the Committee of disputes. (**Instruction F No. 390/R/260/09-JC dtd. 24.03.2011**).

11.11 Provisional Clearance of Imported Goods

11.11.1 Section 18 of the Customs Act, 1962 and Customs (provisional duty assessment regulation), 1963 [M.F. (D.R.) **Notification No.181-Cus., dated 13th July, 1963**], allows an importer to provisionally clear the imported goods from Customs pending final determination of value by giving a guarantee in the form of surety, security deposit or bank guarantee.

11.12 Use of Tariff to Calculate Customs Duty

11.12.1 Following paragraphs are given as general guidance to calculate Customs Duty. However current Customs Valuation (Determination of Price of Imported Goods) Rules, 1988, need only be referred to, for exact determination of Customs duty.

11.13 Customs Duties – Imports

11.13.1 There are several types of duties leviable on import and there are prescribed methods of computation of duties. It is useful to consider the following steps in determining the amount of duty payable.

a) Obtain the Tariff Classification of goods.

   i) The import invoice would indicate all items of purchase. If you wish to compute the total duty payable on each of the items, you have to first identify the various types of duties leviable on each of the items. For this purpose, you are required to determine the classification of each of the items of import as given in the import invoice based on your understanding of the item description. The rules of to be followed while determining the classification have been given in the General Rules of Interpretation of the First Schedule to the Customs Tariff Act,1975.

b) Compute the

   i) Basic Customs Duty

   ii) Integrated Goods and Services Tax (IGST)

   iii) Social Welfare Surcharge (SWS)

   iv) Any additional customs duty.

c) Determine if there are any additional levies (such as Withholding tax, etc.) under different statutes.

d) Whether there are concessions and exemptions available on the item.

11.14 Basic Customs Duty

11.14.1 Duty, which is specified against each Heading or Sub-Heading in the First Schedule to the Customs Tariff Act, 1975. This is usually referred to as Basic Customs Duty. There are different rates of duty for different commodities. These rates are found in column no. 4 (labeled as “standard rates”) of the tariff. There is also a 5th column specifying the “preferential rates”. These are different rates of duty for goods imported from certain countries in terms of bilateral or other agreements with such countries--which are called preferential rates of duties. The duty may be a percentage of the value

of the goods (in such cases it is called ad-valorem duty) or at a specific rate, which is based on unit of measurement which is specified in the tariff entry. The rate of duty in percentage (in the case of ad-valorem duties) has to be applied on the Cost Insurance and Freight.

11.14.2 To ascertain the applicable rate of duty, refer to the Tariff rates of duties along with exemption notification, if any. Websites specifically useful for matters relating to Customs Procedures, Manual and Tariff are listed at **Reference – 3**.

11.15 Social Welfare Surcharge (SWS)

Section 110 Finance Act, 2018 has introduced a new levy of SWS on the goods specified in the First Schedule of Custom Tariff act, 1975 with the intent to fulfil the commitment of the Government to finance education, health & social security. SWS is payable only on the Basic Customs Duty.

11.16 Other Additional Customs Duties

11.16.1 Safeguard Duty (under Section 8B of the Customs Tariff Act, 1975) is applicable on certain goods at the time of import for specified periods in order to check their excessive imports which may be injurious to the Indian industry.

11.16.2 Some of the levies are commodity specific and would be applicable regardless of the time of import. These include cesses under various enactments as also Additional Duties on specified commodities for example Additional Duty on Stainless Steel Manufactures for household use, on Transformer Oil, on Motor Spirit (commonly known as petrol), on high speed diesel Oil etc. There are certain other levies, which are specific to the country of origin.

11.16.3 Anti-dumping Duty (under Section 9A, Customs Tariff Act 1975) on specified goods imported from specified countries to protect indigenous industry from injury resulting from dumping of goods. This is notified and published from time to time.

11.17 Exemptions:

11.17.1 The Central Government may notify certain exemptions and concessions, which may be conditional or absolute. These include exemption of imports for promotion of exports, import by UN bodies, defence imports etc. There are also exemptions, which are unconditional and are applicable across the board. There are other exemptions based on conditions of end use.

11.17.2 There is conditional exemption on BCD for import of items. For details refer website: https://taxinformation.cbic.gov.in/content-page/explore-notification.

11.17.3 Preferential rates of customs duty have been made applicable in respect of imports from certain countries such as Sri Lanka, Mauritius, Seychelles and Tonga provided certain conditions are satisfied. The goods in question must actually be manufactured or produced in such preferential areas. Rules have been framed in order to determine whether the goods have been manufactured or produced in such areas. Determination of origin of the goods is very essential in order to avail of the benefits of such concessional rates of duty.

11.18 Note of Caution

11.18.1 All the acts, rule, procedures and thereby the quantum of duties etc. are subject to change by notifications issued from time to time. Therefore, it is necessary to refer to updated information only, before entering into any commitment.

11.19 Customs Duties: Exports

11.19.1 Very few items are subjected to customs duties on their export. For details refer to the Second Schedule and the exemption notifications for exports. However, cesses are leviable on export of several commodities under various Acts.

11.20 Customs Duty Exemption Certificate:

Customs Duty Exemption Certificate, if applicable, is to be obtained from the concerned authority of Govt. of India as per the prevailing guidelines issued by Customs authorities. Process for obtaining Duty Exemption Certificate need to be initiated by the concerned Purchase officer after placement of purchase order.

11.21 Withholding Tax: (If applicable appropriate clause needs to be included in the RFQ).

i) HAL would be deducting at source applicable Income Tax as per Government of India Rules applicable at the time of making payments in respect of services rendered in India. (Generally on the amounts towards services like training, technical assistance offered by the bidder and licence fees). As per the Rules, Income tax has to be borne by the recipient of the Income and relevant certificate to this effect will be issued to the bidder on deduction of such amounts, if applicable.

ii) Bidder should bear the applicable withholding income tax in India. Tax would be deducted at source by HAL as per DTAA where the bidder could claim the benefit of double taxation in their country as per the bilateral agreement between the two countries. Certificate to this effect would be issued by HAL to enable the bidder to claim the benefit under DTAA.

iii) Bidder is required to indicate the PAN No. issued by Indian Income Tax Authorities.

Chapter - 12

PURCHASE PROGRESSION

12.1 Monitoring is a vital part of any efficient managerial functioning. The efficiency of purchasing largely depends on a good and effective purchase progression system. The progression system should ensure the following in respect of each purchase request received by the Purchase Department:

i) Enquiry is sent in time

ii) Offers are received in time

iii) Order is placed in time within the validity of offer

iv) Goods on order are received as per delivery schedule and bills/discrepancies are settled promptly.

12.1.1 ERP is now implemented in all Divisions of HAL. It is therefore, in the prime interest of Purchase Department to key the required delivery date & other important data in ERP. Purchase officer shall monitor the progression of purchases with the help of

i) Purchase Request/ Indent Progression Database (Pre-contract stage)

ii) Purchase Order Progression Database (Post-contract stage)

12.2 Purchase Request/ Indent Progression Database

12.2.1 All indents received shall be in the ERP Database. The report with following information should be generated from ERP for periodical review:

a) Indent Number and Date

b) Brief description of the item

c) No. of items on the indent

d) Estimated Value

e) Date Indent received

f) Date Enquiry issued

g) Due date for receipt of offers

h) Date of tender opening

i) No. of bids received

j) Date of putting up proposal for approval

k) Purchase Order Number and Date

l) No. of items in the Purchase Order

m) Name of Vendor

n) Value of the Purchase Order

o) Remarks

12.3 The Indent Progression Database shall be reviewed daily by the Purchase Officer and a weekly report should be sent to the Head of Purchase giving details of

i) Indents where enquiries are not issued in time

ii) Quotations not received as per due date

iii) Price comparative statement not made within six (6) working days after tender opening

iv) Purchase Proposals/ Purchase Orders not raised for more than 10 working days

v) Files pending for more than 7 working days with outside Department

vi) Cases where Export License by the Vendor has not been received within 3 weeks.

Alerts/ reports may be generated through ERP.

12.4 Purchase Order Progression Database

12.4.1 All Purchase Orders issued should be maintained in the ERP Database. The ERP Database/ Report shall have the columns as given in **Annexure – 26** to indicate the Purchase Order Progression.

12.4.2 The Database/ Report shall be reviewed by concerned Purchase officer. Letters/Fax/e-Mail reminders shall be sent at least 8 weeks in advance of scheduled delivery date in the case of foreign Vendors and 4 weeks in advance in the case of local Vendors. A report is to be sent to the Head of Purchase in respect of the following:

a) Where Order Acknowledgements are not received within 30 days in respect of foreign Vendors and 15 days in respect of local Vendors.

b) Where Letter of Credit require revalidation/extension

c) If supplies are overdue by more than 2 weeks

d) Inspection reports not finalised within 2 weeks after receipt of items

e) Details of rejections/refund of amount paid for rejected materials

f) Vendors' bills outstanding for payment more than 15 days.

g) Advance Payment/ Security Deposit/ Performance Bank Guarantee/s getting expired in next 4 weeks.

12.5 Extension of Delivery Period

If the supplies are not affected within 2 weeks after the delivery date or if the Vendors ask for extension of time, the attention of the Head of IMM shall be drawn. Action for necessary Purchase Order Amendment shall be taken in accordance with para on "Purchase Order Amendment" (**para 9.7**). While granting extension of delivery time, financial implications shall be examined and financial concurrence obtained where it involves financial implications.

12.5.1 If the Contract/PO is amended with regard to delivery extension, it is mandatory to mention that such delivery extension is granted with/without imposition of Liquidated Damages (LD) and Denial Clause, as the case may be, for such extended delivery period in the amended Contract/PO issued to the vendor.

12.6 Cancellation of Orders and Penalty

Cancellation of Purchase Order/Contracts will be approved by the appropriate CFA as per prevailing DOP. Before imposing any penalty less than what has been laid down in the Terms and Conditions of the PO/Contract, the approval of the same authority which approved the purchase order/contract shall be obtained.

12.7 Settlement of Vendors' Bills

In order to maintain credibility and project a proper image of the Company, it is of utmost importance that the bills of the vendors are paid in a reasonable time. Purchase Department being the sole contact point, it is necessary that the Purchase Department takes the responsibility of

arranging timely payments by coordinating with Inspection, Stores and CPPC/ Finance Departments, for movement of the necessary documents for releasing the payments. A committee of finance, purchase and stores to review the pending bills and ensure payment by resolving all the issues. Payment can be made based on computer generated/ scanned signed invoice. Ink signed invoice need not be insisted. Partial payment for accepted items/quantity can also be processed. All activities related to payment should be done in line with the CPPC Manual/guidelines.

12.8 Retirement of Documents through the Bank

12.8.1 Need to be handled as per CPPC manual/ guidelines.

12.9 Finalization of Receiving Reports

It should be ensured that all the Receiving Reports are finalised within a period of fifteen (15) working days and Head of the Divisions shall monitor the same for effective implementation.

12.10 Personnel involved in tendering/ placement of a purchase order should not be involved in authorising payment arising out of that PO.

12.11 Filing of Payment Related Documents

Respective Payment Recommending department/section is required to maintain below mentioned payment documents, as applicable, in the PO/Contract file in a systematic and orderly manner to facilitate for checking/audit and future reference:

i) Original Purchase Order/ Contract including amendments if any, along with CFA approval.

ii) Original/Authenticated copy of Invoice, Packing list, Quality certificate, COC etc.

iii) Delivery Challan/ Air Way Bill/ Bill of Lading

iv) Bank Guarantee

v) Approval for Advance Payment

vi) Letter of Credit

vii) Sight Draft

viii) 15 CA – certificate from Chartered Accountants.

ix) Payment Recommendation Report (PRR) generated from IFS signed and submitted to CPPC.

x) Final Payment advice to Bank (Gross value of claim, deductions and net payment made) generated from IFS.

xi) Payment intimation e-mail to vendor.

xii) After making/preparing PRR, each connected document to be stamped as paid & cancelled and PRR no. to be entered to avoid duplicate payment.

xiii) Cumulative Payment detail sheet indicating Sl. No. , PO/Contract amount, Invoice No., Invoice Amount, PRR no., PRR amount, Cumulative amount advised and balance amount to be placed in every PO/Contract file.

Payment recommending department/ section in-charge has to produce the payment file having all the above documents arranged chronologically for checking/inspection/audit to the respective agencies.

12.12 Refund of Customs Duty Paid on Rejected Imported Items:

Division should apply/claim for refund of customs duty paid on rejected imported items (during incoming inspection), in certain case as per Section 26A of Customs Act, 1962.

Chapter - 13

BUDGETING

13.1 Purchase Budget

Purchase Budget comprises of Capital Budget, Revenue Budget and Foreign Exchange Budget. Annual Budgets at the Divisional level shall be formulated by Finance in close co-ordination with Purchase and Planning Departments. The Budget shall normally be compiled on a three year time-frame by about November of each year, covering the revised estimate for current year, budget estimate for the ensuing year, and forecast for the year after. On the basis of forecasts given by the Planning, Design and other indenting departments, the Purchase Manager will consider the following factors for compiling the Purchase Budget and forwarded to Finance.

13.2 Commitment Budget

a) Value of indents pending at the beginning of the year, which would be converted into Purchase Order during the year and the following year.

b) The quantum of commitment expected to be made during the year and the following year, on the basis of the forecast given by the indenting departments.

13.3 Expenditure Budget

13.3.1 The expenditure portion of the budget shall be compiled taking into account the following factors:

a) Supplies that are likely to materialise during the year, the following year and the year after, out of the commitments already made at the beginning of the year.

b) Supplies that are expected against commitments to be made during the year, the following year and the year after.

13.3.2 Purchase Budget shall be prepared by IMM/Purchase and forwarded to the Finance, who shall arrange to send the same to Corporate Office.

13.4 Capital Budget

13.4.1 This consists of three major heads viz. Plant, Machinery and Equipment, Civil Works and other Welfare items.

13.4.2 A detailed list of items proposed to be procured by the Division shall be submitted to the Corporate Office with full justification for approval. The approved Budget contains the list of all items ultimately approved for purchase. Capital Budget shall be prepared by the Finance in consultation with the concerned Departments and sent to Corporate Office.

13.5 Responsibilities of Purchase Department

13.5.1 As soon as the budget is finalised, the Purchase Department shall obtain a copy of the approved budget and the Head of the Department shall ensure:

i) that the purchase requests for the long lead items are received from the concerned department in time and timely action is initiated by Purchase simultaneously to obtain offers, technical clearance from import angle and processing of the application for issue of import licence, wherever necessary.

ii) to watch and take note of the progressive trends of Purchase Commitments and expenditure so that timely action could be taken to put budget revision proposals. In order to easily collect the

commitment and expenditure data, the Purchase Manager shall carefully study the budget heads and shall arrange the purchase requests, purchase orders and incoming receipt information in line with the various budget heads. This would enable easy compilation of information for the timely guidance and action by the concerned officers/departments.

13.5.2 Purchase Department in co-ordination with Accounts shall prepare a monthly return which shall show the progress of commitments and expenditure vis-à-vis the projected budget estimates. The Head of the Purchase Department shall study these returns and plan out the Purchase Department's strategy to achieve the budget targets and cases of serious deviation shall be brought to the notice of the Head of Division and their intervention where necessary solicited.

Chapter - 14

VENDOR EVALUATION

14.1 It is an important responsibility of the Purchase Department to establish and deal with reliable vendors and this objective cannot be effectively met without a proper vendor rating system, the objective of which shall be to determine how well the Vendors are meeting the quality, delivery and price standards. Vendor rating provides the basis for comparing the performance of one vendor against the other and for eliminating vendors who repeatedly fail to meet minimum acceptable standards. For efficient rating of the Vendor the relevant data has to be collected and fed in ERP database by Purchase, Inspection and Stores and collated by Purchase for final evaluation.

14.2 Applicability

14.2.1 In the context of availability of limited resources, vendors shall be selected judiciously to derive the utmost benefit of the vendor rating technique. Areas where the vendor rating shall be made applicable:

a) More than one source of supply for the same product where performances can be compared and the annual purchase value of a particular item are above Rs 5 lakhs.

b) Items for which there are parallel Rate/ Running Contracts.

14.2.2 Vendors rating shall be done for all vendors registered by the division and also for all vendors who are part of Centralised Vendor Directory (CVD).

14.2.3 Vendor rating should also be done for the vendors who are not registered with HAL, but becomes successful bidder repetitively against GeM/ Open tendering, etc.

14.3 Frequency

Vendors as mentioned above shall be rated at least once in a year, preferably in April for the previous Financial Year as per their performance, based on Quality Audit Reports or Quality records and their performance on previous supplies. Vendor rating exercise may be carried out more often if necessary.

14.4 Rating

Vendor's actual performance after the orders have been placed shall be recorded. This shall include the quality of the product, delivery, price, product reliability, general attitude of the vendor, etc.

14.5 The responsibility of Vendor Rating shall rest with Head of IMM group. A committee comprising of members of IMM, Quality Assurance, Finance and Production Engineering Departments shall review vendor performance based on price, delivery, quality and general attitude of the vendor. Further, different parameters shall be considered for the vendor rating on Price criteria for the L-1 vendors (resulting from competitive bidding including single offer case) and that for Single Source vendors (includes all vendors being a single source in tendering, i.e. Proprietary, Single Tender, Licensor, Customer Nominated Source, Rate Contract, etc.). The committee shall rate the performance level of each vendor on a scale of 100 considering weightage for each criterion as follows: -

Criteria	Weightage	
Price		**30**
A. For purchase from Single Source		
Price reasonability (comparison with last purchase)	15	
Price Stability (comparison with previous purchases)	10	
Acceptance of LD Clause	2	

Criteria	Weightage	
Terms of Payment (Direct Payment/ Sight Draft/ Letter of Credit/ Advance)	3	
B. For L-1 Vendors		
Competitiveness of the Price (based on vendor's position in Comparative Statement)	20	
Frequency of Becoming Successful Bidder/ Bagging the Order	10	
Delivery		**25**
Promptness in Delivery as per Schedule	20	
Quantity correctness while supplying	5	
Quality		**35**
Delivery of Quality Goods; (i.e. conformity to Purchase Order in respect of Part No., Specifications, Standards etc.)		
a) Acceptance by Quantity	10	
b) Acceptance by Value	10	
Product Reliability	10	
Completeness of documentations e.g. Test Reports etc.	3	
Quality Certification – ISO 9000/ AS9100	2	
General Attitude		**10**
Accept all T&C of RFQ, Compliance to PO T&C, Obsolescence management, Promptness in dispatching Quality Documents, attending to complaints, replacement of Rejected Supplies, General Attitude in assisting HAL in settlement of Queries, Problems raised during usage	6	
Advancement of Delivery	2	
General response	2	

Vendor rating for all above criteria can also be done through ERP after implementation of Project Parivartan. Wherever feasible, appropriate provisions should be made in the current ERP for Vendor Rating. For the criterion where provision is not available/not feasible to make in the current ERP, Division may carry out Vendor Rating by appropriating weightage to other available criterion ensuring the weightage towards Price is 30; Delivery is 25; Quality is 35 and General Attitude is 10. Further, provision in ERP should be made to obtain vendor rating of a specific vendor at any given of time.

In case a vendor participates in both type of tendering (i.e. Competitive and Single source basis), the rating for the vendor should be calculated for both types and the higher of two ratings should be considered as the rating of the vendor for the period.

Vendor Rating System

14.6 The rating on each criterion shall be in percentage. Final gradation shall be arrived at by multiplying percentage obtained by a vendor on each criteria and weight-age assigned to the criteria. The records shall be maintained in ERP. Vendors should be classified as Class 'A' (performance rating more than or equal to 80%), 'B' (performance rating more than or equal to 50% and less than 80%) and 'C' (performance rating less than 50%)

14.7 Areas needing improvement shall be intimated to Class 'B' vendors. Future enquiries shall not be sent to Class 'C' vendors. However, in case the number of approved Vendors is limited, Class 'C' vendors may also be contacted subject to approval of Head of Division.

14.8 The Purchase Officer shall monitor the performance of the Vendors.

Chapter - 15

LEGAL ASPECTS OF PURCHASING

15.1 The Purchase Order is a legal contract entered between the Buyer and the Supplier and under this both the parties have certain legal rights and obligations. Purchasing Officers need to have a thorough knowledge of all the relevant laws pertaining to purchasing in order to facilitate easy of doing business. This knowledge helps them to structure their agreement with the suppliers properly. The main Acts (including amendments from time to time) but not limited to, are as following:

i) The Indian Contract Act, 1872.

ii) The Sale of Goods Act, 1930.

iii) The Arbitration and Conciliation Act, 1996.

iv) The Partnership Act. 1932.

v) The Negotiable Instruments Act, 1881.

vi) The Companies Act, 2013.

vii) The Customs Act, 1962

viii) The Customs Tariff Act, 1975

ix) The Integrated Goods and Services Tax Act 2017

x) The Integrated Goods and Services Tax Rules 2017

xi) The Central Goods and Services Tax Act 2017

xii) The Central Goods and Services Tax Rules 2017

15.2 Indian Contracts Act (in short referred as 'ICA')

The Indian Contract Act, 1872 is an act which specifies and deals with the principles of the Law of Contract. This Act came into force from the 1st day of September, 1872. The Act was passed by British India and is based on the principles of English Common Law.

In general a Contract means a set of promises, may be oral or written in nature, which is legally enforceable is known as Contract. It is a binding agreement between two or more parties where all the parties to the contract must understand the same thing in the same sense, it is known as "Consensus ad-idem", which is a prerequisite for a valid contract. A contract includes variety of subjects such as exchange of goods, services, capital or promises of any of those. A contract creates mutual obligation on the contracting parties.

15.2.1 Essential Ingredients of a Contract

An Agreement when enforceable by Law is a "Contract".

Hence we have to understand first what an Agreement is, that "Every promise and every set of promises, forming the consideration for each other", is an Agreement.

A 'Proposal' means when one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal. Thus, a 'proposal' can be for a positive action or abstinence from such action.

The English Act uses the word 'Offer', while ICA uses the word 'Proposal'. Generally, both words are used inter-changeably and this is not technically correct, as the word 'offer' is not used in Indian Contract Act.

A 'Promise' means when the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise. Thus when a proposal (offer) is accepted, it becomes a 'promise'.

The person making the proposal is called the "Promisor", and the person accepting the proposal is called the "Promisee".

Consideration is essential for an agreement. A promise without consideration is not an Agreement and hence it is not a Contract. Consideration means, it is a value given in exchange for a promise and must be something of sufficient value exchanged for that promise.

15.2.2 The Steps Involved in Contract Formation

The steps involved in the contract formation are:

- Proposal and its Communication
- Acceptance of Proposal and its Communication
- Agreement by mutual Promises
- Contract
- Performance of Contract.

All agreements are not contract. Only those agreements which are enforceable by law are 'Contracts'. The following are essential requirements of a valid contract.

- Offer and its acceptance
- Free consent of both parties
- Mutual and lawful consideration for agreement
- It should be enforceable by law. Hence, intention should be to create legal relationship. Agreements of social or domestic nature are not contracts
- Parties should be competent to contract
- Object should be lawful
- Certainty and possibility of performance
- Contract should not have been declared as void under ICA or any other law

Express Promises means the proposal or acceptance of any promise is made in words, the promise is said to be Express.

Implied Promises means such proposal or acceptance is made otherwise than in words, the promise is said to be Implied.

Voidable Contract means an agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a voidable contract.

Mistake of Fact is excusable but Mistake of Law is not excusable.

When a **Mistake of Fact** is made in drawing a Purchase Contract, the conditions surrounding such specific case determine whether the Contract is valid or void. As a general rule, mistakes made by only one party does not render the Contract void, unless the other party is aware of the mistake. For example, a quotation is submitted by a Supplier and he intends to quote a price of Rs. 260 per unit and through an error - may be typographical error - the price typed as Rs. 250 is transmitted to the Buyer.

In such cases, Courts have held that if the Buyer accepts the offer without knowledge of the error, a valid contract exists. On the other hand, if the price of Rs. 250 is incorrectly typed as Rs. 150 or Rs. 15 the Court would probably hold that a competent Buyer should recognise such an error and if one party knows or should know of other's error, the contract is void. However, a Buyer or Bidder/Vendor shall not assume that a mistake of fact, however, innocent, will release him from a contractual obligation. In the majority of cases, it will not do so.

Void Contract means a contract which ceases to be enforceable by Law becomes void.

Thus, initially a contract cannot be void, i.e. a contract cannot be void ab initio. Hence, only a valid contract can become void contract due to some subsequent events.

Unenforceable Contract means, when a contract due to certain defects such as absence of a proper stamp, absence of written form, signature, clauses etc. cannot be accepted as legal in a court of law, it is known as unenforceable contract.

15.2.3 What Agreements are Contracts?

All agreements are contracts if they are made by the:

a) free consent of parties

b) competent to contract

c) for a lawful consideration and with a lawful object, and

d) which are not hereby expressly declared to be void.

As per ICA, every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind, and is not disqualified from contracting by any law to which he is subject.

Contracts which need not be performed: Normally, a contract is expected to be performed. The performance may be actual or by way of tender, i.e. attempted performance. However, in certain situations as stated below, the contract need not be performed.

- Novation, rescission and alteration of contract
- Promisee may dispense with or remit performance of promise
- Effect of neglect of promisee to afford promisor reasonable facilities for performance
- Merger of superior rights with inferior right under contract**.** This is usually termed as 'discharge of contract'.

15.2.4 Consequences of Breach of Contract:

Compensation is payable for breach of contract. Penalty is also payable if provided in contract. Breach of contract may be actual or anticipatory.

The principles of compensation and damages: The following are important points:

- Compensation for loss or damage is payable. Since the word used is 'compensation', punitive damages cannot be awarded.
- No compensation for remote and indirect loss or damage under ICA.

General Damages: General damages are those which result from 'direct and proximate' consequences from breach of contract. Normally, what can be awarded is compensation for loss or damage which can be directly or proximately attributed to the breach of contract. One way of assessing damages is the difference between the contract price and the market price on date of breach of contract, plus reasonable expenses incurred by him on account of the breach plus cost of suit in court of law.

Consequential Loss or Special Damage: Special damages or consequential damages arise due to existence of special circumstances. Such damages can be awarded only in cases where the special circumstances were foreseeable by the party committing the breach or were specifically known to the party. Consequential losses like loss of profit due to breach, which may occur indirectly due to breach cannot be normally awarded unless there are special circumstances which parties were aware. Loss of profit can be awarded only in cases where Supplier could have foreseen those losses and arose directly as result of breach.

The ICA specifically provides that in estimating loss or damage (LD), the means available for remedying the inconvenience caused by breach of contract shall be taken into account. Thus, promisee should take all reasonable steps to mitigate the losses e.g. if promisor does not supply goods, he should make efforts to procure from alternate sources may be even at higher price, to reduce his losses arising out of breach of contract.

Indemnity means, a contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself, or by the conduct of any other person, is called a 'contract of indemnity'.

Guarantee means, a contract to perform the promise, or discharge the liability, of a third person in case of his default. The person who gives the guarantee is called the "Surety"; the person in respect of whose default the guarantee is given is called the "Principal Debtor", and the person to whom the guarantee is given is called the "Creditor". A guarantee may be either oral or written. Three parties are involved in contract of guarantee. However the ICA uses the word 'Surety' which is same as 'Guarantor'.

15.2.5 e-Contract

With the advancement in the technological sphere, there has been a change in the style and pattern of Contract. Information technology has revolutionized the way contracts are formed.

With the increase in trend of digitization around the world, the new concept has evolved, i.e. e-contract. Now, people sitting far away from each other, can make contract using information technology such as e-mail, websites etc. Digital signature plays prominent role in the formation of e-contracts.

15.2.6 Nature of e-Contract

E-contract has two main parties i.e. originator and addressee. According to the IT Act of 2008, originator is a person, who sends, generates, stores or transit electronic message, and the act defines an addressee as a person who is intended by the originator to receive the electronic record.

The most distinct nature of e-contract is that, usually, parties do not meet physically. For e-Contract, there is no physical boundary. Their boundaries are mainly decided by the jurisdiction.

i) For e-Contract, parties have to rely on digital signature.

ii) There is no specific body or authority for monitoring e-Contract.

iii) e-Contracts are enforceable by Law, as electronic documents can be used as evidence in Court.

The modes of e-Contracts are e-mail, World Wide Web (WWW) etc.

15.2.7 Types of E-contract:

a) **Shrink-Wrap Agreement:** The contract which is made for purchase of software (incensing agreement), is referred to as shrink-wrap agreement.

In this type of agreement, terms and conditions are basically decided by the manufacturer. A buyer has to give his/her assent for using that software. Such agreement is made with a objective to ensure copyright or intellectual property right of manufacturer eg: ERP Agreements etc.

b) **Click or Web-Wrap Agreement**: While browsing internet, we often see provision of I accept or OK on the screen. Such types of agreements are known a click-wrap agreement. If consumer

does not give consent he/she cannot use or purchase the product eg RXIL -TReDS platform etc.

c) **Browse-Wrap Agreement**: When an agreement is binding on two or more people it known as browsing-wrap agreement. It is applicable while using website eg. Amazon, Flipkart etc.

15.2.8 e-Contract in India

In India, contracts are governed by the Indian Contract Act 1872, however, at the time of formation of the Act, concept of e-contract was not evolved. So, it does not include any specific provision regarding e-contract.

In the IT Act, 2008, there are many provisions which support e-contract in indirect way. In the year 2011, Section 65A and 65B were added in the Indian Evidence Act of 1872, which provided for the admission for any information contained in an electronic record in a court of law.

15.2.9 Contract of Agency:

An Agency is a special type of contract. The concept of agency was developed as one man cannot possibly do every transaction himself. Hence, he should have opportunity or facility to transact business through others like an agent. The principles of contract of agency are:

a) Excepting matters of a personal nature, what a person can do himself, he can also do it through agent (e.g. a person cannot marry through an agent, as it is a matter of personal nature).

b) A person acting through an agent is acting himself, i.e. an act of agent is an act of Principal.

Who are Agent and Principal: An "Agent" is a person employed to do any act for another or to represent another in dealings with third persons. The person for whom such act is done, or who is so represented, is called the "Principal".

15.3 The Sale of Good Act 1930 (in short referred as 'SGA')

15.3.1 Introduction

The transactions relating to Sale and Purchase of goods were regulated by the Indian Contract Act, 1872, up to 1930. In 1930, Sections 76 to 123 of the Indian Contract Act, 1872 were repealed and a separate enactment called 'The Indian Sale of Goods Act, 1930 was passed. It came into force on 1st July 1930. With effect from 22nd September 1963, the word 'Indian' was also removed. Now, the present Act is called 'The Sale of Good Act, 1930' (SGA).

15.3.2 Essentials of Contract of Sale:

The essentials of a Contract of Sale are:

1) **Movable Goods**: The SGA only relates to movable goods. Under Section 2(7) of the Act, Goods is defined as every kind of movable property except actionable claims and money. Things attached to the earth are not movable. But growing crops and grass, which can easily be separated from the earth before sale, are included in the definition of Goods.

2) **Two Parties**: A sale of goods is a bilateral contract. To execute a sale, there must be BUYER and SUPPLIER. A person never can buy his own goods, provided a part owner may sell to another part owner. Likewise, a partner may sell goods to his firm or a firm may sell to a party.

3) **Consideration**: In order to make a valid contract of sale of goods, the consideration must be in term of money. An exchange of goods for goods cannot be defined as sale. But if the exchange is made partly for goods and partly for money then it can be regarded as sale. Mere non-existence of consideration will treated as gift.

4) **Valid Contract**: To be a contract of sale, it must satisfy all the essentials of a valid contract such as valid offer, a valid acceptance, free consent of the parties, a valid and lawful consideration etc.

5) **Agreement to transfer the ownership**: By the contract of sale, the SUPPLIER must agree to transfer his goods to BUYER with or without physical possession of the goods.

6) **Method of formation of Contract**: To make a contract of sale under Section 5 (2) it must be in writing or by word of mouth or implied from the acts of the parties.

7) **Terms of Contract**: On the basis of time, place and mode of delivery of goods, the parties will agree upon any term. The terms include both essential and non-essential terms. The essential term implies the conditions and a non-essential term implies warranties. So in case of all contracts of sale, certain conditions and warranties are to be implied.

15.3.3 Condition and Warranty

At the time of selling of goods, the SUPPLIER makes certain statements or representations with a view to induce the BUYER to purchase the goods. These statements may form a part of contract of sale and the BUYER rely upon them. These representations are called 'stipulation'. When these stipulations become most important for formation of a contract of sale it is known as 'condition'. Again if these (stipulations) are less important for formation of a contract of sale it is known as 'warranty'.

According to Section 12 (2) of the SGA, a condition is a stipulation essential for the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated. There are mainly three essential conditions, they are:

- Condition is essential to the main purpose of the contract.
- The cause of non-fulfilment of condition is irreparable damage to the aggrieved party.
- As a result of breach of a condition the aggrieved party will get the right to rescind the contract and recover the damages for breach of condition.

According to Section 12 (3), a warranty has a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract repudiated.

Like Condition, the Warranty is to fulfil three essentials:

- Warranty is collateral to the main purpose of the contract.
- The breach of warranty does not breach the main purpose of the contract and it causes damages to the aggrieved party.
- The aggrieved party can only claim damages for breach of warranty.

15.3.4 Differences between a Condition and a Warranty:-

a) Essential of Contract: Under Section 12 (2) of the Sale of Goods Act 1930, a condition is defined as a stipulation, which is essential to the main purpose of the contract. On the other hand, warranty is defined under Section 12 (3) as a stipulation that is collateral to the main purpose of the contract.

b) Effect on breach: The breach of condition give rise to a right to treat the contract as repudiated. But the breach of warranty gives rise to the claim for damages but not to a right to reject the goods and treat the contract as repudiated.

c) Option of treatment: In case of condition, a breach of condition can be treated as a breach of warranty as an option on the part of the aggrieved party, but in case of breach of warranty no such option is essential to the aggrieved party. So the breach of warranty cannot be treated as breach of condition.

15.3.5 Breach of Contract of Sale:

In case of contract of sale, where one party repudiates the contract by refusing to perform his obligation,

then he is said to have committed a breach of the contract. As soon as party commits a breach of the Contract; the other party becomes entitled to any one of the following remedies.

Remedies to SUPPLIER: In case of breach of contract of sale, the following remedies are available to the SUPPLIER:

- Suit for price.
- Suit for damages for non-acceptance of the goods
- Suit for interest.
- Suit for damages for repudiation of contract by the BUYER before the due date.

Remedies to BUYER: In case of breach of the contract of sale by the SUPPLIER, the BUYER has the following remedies-

- He can sue for damages for non-delivery of the goods.
- He can sue for specific performance.
- He can sue for breach of warranty.
- He can sue for damages for repudiation of contract by the SUPPLIER before due date.

In case of breach of condition the BUYER can reject the goods, but cannot reject the goods under the following cases.-

- BUYER waives the breach of condition and elects to treat it as a breach of warranty.
- If the contract is not reversible and the BUYER has accepted the goods or part of the goods.
- The contract is for specific goods and the property has passed to the BUYER.

On the other hand, in case of breach of warranty, the BUYER can do any one of the following:

- Set up against the SUPPLIER the breach of warranty in diminution or extinction of the price or
- Sue the SUPPLIER for damages for breach of warranty (Section 59)

In case of breach of warranty damages are measured by estimating loss arising directly and naturally from the breach.

15.3.6 Auction Sale:

Auction sale is a manner of sales, where property is auctioned usually to the highest bidder by public competition. The auctioneer is an agent of the SEELER. The auctioneers can auction his own property. In fact there is no need to express that he is selling, so contract is formed between auctioneer and the BUYER in case of sale by auction. Some liabilities are incurred by this contract. All of these liabilities are not for the SEELER.

The Sale of Goods Act, 1930 is meant to regulate the mercantile sector in selling and buying goods. The Act mainly concludes that there must be a contract, and in such contract, the seller must transfer or agrees to transfer the property in goods to the buyer; there must be a price fixed for such transfer, a sale must be made between two parties; the contract of sale could either be absolute or conditional; if at the time of the agreement the goods are in existence the contract shall be treated as the contract of sale; for goods that are to be transferred in future, it shall be an agreement to sell. The Act's essence lies in demarcating the buyer and seller's rights and liabilities and other obligations and safeguarding any breach that could arise in the course of a commercial agreement. The Act marked the pragmatic importance of *caveat emptor* means Buyers Beware and *caveat venditor* means Sellers Beware that regulates and safeguards both the buyer and seller's interest in a commercial arena.

15.4 Consortium

15.4.1 What is a Consortium?

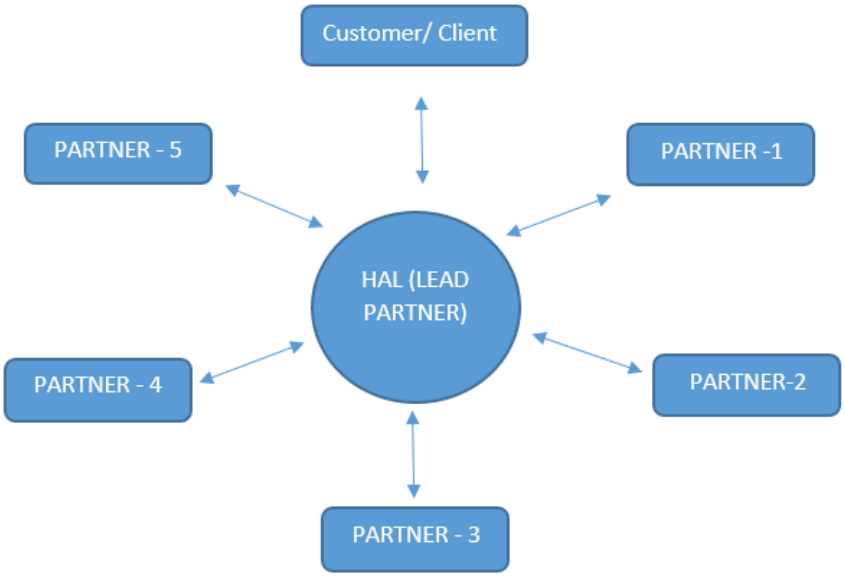
- Consortium is a Latin word, meaning 'partnership or association' and derives from "consors" i.e. ''Partner", where the word "con" means 'together' and "sors" means 'fate', meaning owner of means or comrade (means colleague or member).
- A Consortium is an association of two or more Individuals, Companies, Organizations or Governments (or any combination of these entities) with the objective of participating in a common activity or pooling their resources for achieving a common goal.
- Companies in a Consortium co-operate with one another, often sharing technology as needed.
- A Consortium allows the Companies to conduct operations that they would not be able to do individually.
- It is important to note, however, that a Consortium is not a merger and the Companies remain independent.

15.4.2 Consortium is defined as the common perception is that a Consortium Agreement is a single formal legal document, agreed and signed by all the parties to a project, and which imposes a set of standard conditions on those signatories. These conditions would include, amongst other things, agreements as to ownership and exploitation of IPRs, and a setoff warranties and disclaimers allocating risk between the parties. This interpretation of the term "Consortium Agreement" as a formal multi-signatory document is common across the research/ development environment.

15.4.3 What elements must a consortium agreement contain?

- The consortium agreement among the participating Partners governs the formation and operation of the consortium. The consortium agreement must be consistent with any payment agreements between the participating Partners and must specify the following:
    - The names of the participating Partner and the program categories each Partner is including under the consortium agreement;
    - The name of the lead Partner;
    - The functions to be performed by the lead Partner and the other participating Partner's during the term of the consortium;
    - The allocation of funds among participating Partner's and responsibility for administration of funds paid to the consortium; and
    - The period of existence of the consortium and the terms under which a Partner may join or withdraw from the consortium before the end of that period. To provide for orderly transition, addition or withdrawal of a Partner and termination of the consortium must take effect on the anniversary of the consortium's fiscal year.
- The agreement must acknowledge that the participating Partner are subject to the joint Partner Plan submitted by the lead Partner.
- The agreement must be signed by an authorized representative of each participating Partner (consortium partner).

Example: Figure below shows the relationship of CONSORTIUM formed between 6 Consortium members and Customer. HAL being the Lead Partner representing all other 5 members to Customer:



The above figure represents:

- Lead Partner is authorised by all the Partners to represent them as one point contract to the Customer.
- All Partners or Members of Consortium are required to sign the Consortium Agreement.
- Lead Partner is responsible & liable on behalf of all Partners to the Customer.
- Lead Partner is legally entitled to recover the losses insured due to default of any member/s, provided Lead Partner is responsible & liable prima facie to the Customer.
- Concept of Joint and Several liabilities between the members exists in Consortium.

15.5 What are Joint Ventures and Special Purpose Vehicle?

Joint Ventures (JV): Joint ventures are either incorporated or unincorporated. Joint ventures are generally formed by two or more companies or business, to meet out the strategic goals along with fruitful usage of limited resources and to gain maximum economic benefit. The two companies (called as Partners) come together to form a new single entity termed as a Joint Venture. An incorporated joint venture acquires a separate legal entity and it allows the two Partners access the new emerging markets as well as utilize the economies of scale to its full potential and at the same time mitigate the potential risks arising out of the new Project.

Special Purpose Vehicle (SPV): The special purpose vehicles are created with the intent of catering to some business objectives. Such entities are generally created as the subsidiary of the main or parent company to mitigate financial risk. It has separate legal status and it is an independent going concern.

In general both JV Company and a Company formed under SPV are similar in nature for formation, but are likely distinct in its purpose and functioning.

15.6 Conclusion

The purpose of this chapter is to make the Buyer alert and alive to the legal responsibilities involved in his job. It is not necessary that a Buyer should be a legal expert. But at the same time, the Buyer should know as to when to seek sound legal advice whenever any legal problems arise. He is also supposed to know the legal aspects of purchasing to the extent that in his job he does not hurt himself or his company. The best thing for a Buyer is to avoid legal problems by using his skill in selecting sound, co-operative and reliable Suppliers. He shall also use his skill in settling disputes by negotiations.

Chapter - 16

ETHICS OF PURCHASING

16.1 Relationship with the Vendors

16.1.1 In all their dealings and transactions, the personnel of the Purchase Departments shall conduct themselves in an exemplary manner in keeping with the best interest, dignity and tradition of the Company and their profession. In this connection, the 'Code of Conduct & Ethics' adopted by the Indian Institute of Materials Management, which is reproduced below, shall serve to guide their actions.

a) To consider first, the TOTAL interest of one's organisation in all transactions without impairing the dignity and responsibility of one's office.

b) To buy without prejudice, seeking to obtain the maximum ultimate value for each Rupee of expenditure.

c) To subscribe and work for honest and truth in buying and selling, to denounce all forms and manifestations of commercial bribery, and to eschew anti-social practices.

d) To accord a prompt and courteous reception, so far as conditions will permit, to all who call upon a legitimate business mission.

e) To respect one's obligations and those of one's organisation, consistent with good business practices.

16.2 Filing System

16.2.1 Effort should be made for paper less system. Files for approval should be routed through e-File or IFS-ERP.

Chapter - 17

GRIEVANCE REDRESSAL

17.1 Any bidder or prospective bidder aggrieved by any decision, action or omission of the procurement process may within a period of 10 days or such other period specified in the pre-qualification documents, Vendor registration documents or Tender documents, from the date of such decisions, make an application for review to the concerned division clearly giving the specific ground or grounds on which the vendor feels aggrieved. The application for review can be filed only by the bidder or vendor who has participated in the tender.

17.2 In case of Two bid system, application for review related to the financial bid can be filed only by the vendor whose technical bid is found acceptable.

17.3 The official to whom the application for review has to be addressed shall be indicated in the pre-qualification documents, vendor registration documents or tender documents as the case may be. Based on this application for review, decision on whether the tendering process should be suspended pending disposal of the application should be decided by the procurement agency.

17.4 After examining the application and the available documents, procurement agency may decide on the relief to be considered appropriate to the applicant and communicate its decision to the applicant and to the other bidders or prospective bidders. The application for review should be dealt as expeditiously as possible.

17.5 The grievance application should be reviewed at a level of Head of IMM or by an Officer not less than rank of DGM nominated by the divisional head for proposals where CFA is Head of the Division.

17.6 In case of CFA is FD/CEO; the grievance application shall be reviewed by Head of Division. In case of CFA is CMD/PC/Board, the grievance shall be reviewed by the concerned FD/CEO.

17.7 Grievance Redressal Committee

17.7.1 If the grievance application is not disposed of within the allowed time, or if the bidder feels aggrieved by the decision, the bidder can file an application for redressal by the concerned procurement redressal committee within 15 Days of expiry of date of receipt of the decision., Redressal committee to be constituted at complex level with Head of Finance, HR from complex and Head of Division concerned where CFA is Divisional Head. Redressal committee at Corporate level to be constituted with Head of Finance-CO, nominated member from Head of HR-CO and Head of IMM-CO where CFA is CEO/Director/CMD/PC/Board.

17.7.2 The decision of the Grievance Redressal Committee is final.

Chapter - 18

INTERPRETATION OF PURCHASE PROCEDURES

18.1 Action Taken in Good Faith

The procedure prescribed in the purchase manual is to enable the persons involved in the procurement process to have a fair and transparent procurement giving equal opportunity to all the vendors. Considering that procurement is a complex process and every procurement being unique, all possible conditions cannot be foreseen and defined in the Purchase procedure. The Purchase Manual is for guidance and provides broad framework of policy. Persons associated with procurement process are expected to take decisions in a given situation and move forward at the same time taking due care and attention in their action. All persons involved in procurement process shall be considered acting in good faith (done with due care and attention), unless proved otherwise, in discharge of procurement function. In such a case, they are not liable for any disciplinary proceedings for decision taken following the guidelines of the purchase procedure and material information available with an intent to make the items/service available to ensure uninterrupted production, meet the delivery commitments and in the interest of the company.

18.1.1 Such decision taken by the persons associated with the procurement need to be recorded with appropriate reasons and justification.

18.2 Interpretation for unique situations

18.2.1 Keeping the objective of timely procurement of items and services to enable timely delivery of companies' product in the most competitive price, there could be need for interpretation of the purchase procedures for peculiar situations faced during procurement process to meet urgent requirement. Under these circumstances, the decision taken in good faith by the Material Provisioning Committee (MPC) and approved by Complex Head is considered as final. The MPC at divisional level shall be constituted as defined at **Para 5.3**. Such interpretation/decision will have to be communicated to IMM, Corporate office who in turn will review the interpretation for considering implementation across the Company with the approval of competent authority in case such interpretation found to be commercially and procedurally suitable for companywide implementation.

Chapter - 19

INCOTERMS

19.1 Incoterms are a set of internationally recognised trading terms, defined by the International Chamber of Commerce (ICC), which are used for the purchase and shipping of goods in the international market place. The terms are summarised below.

19.2 Full details can be found on the ICC website. (http://www.iccwbo.org/home/menu_ncoterms.asp)

19.3 Each INCOTERM refers to a type of agreement for the purchase and shipping of goods internationally. INCOTERMS helps users deal with different situations involving the movement of goods.

19.4 INCOTERMS also deal with the documentation required for global trade, specifying which parties are responsible for which documents. Determining the paperwork required to move a shipment is an important job, since requirements vary so much between countries. Two items, however, are standard: the commercial invoice and the packing list.

19.5 INCOTERMS were created primarily for people inside the world of global trade. Outsiders frequently find them difficult to understand. Seemingly common words such as “responsibility” and “delivery” have different meanings in global trade than they do in other situations.

19.6 In global trade, “delivery” refers to the Bidder/Vendor fulfilling the obligation of the terms of sale or to completing a contractual obligation. “Delivery” can occur while the merchandise is on a vessel on the high seas and the parties involved are thousands of miles from the goods. In the end, however, the terms wind up boiling down to a few basic specifics:

a) **Costs**: who is responsible for the expenses involved in a shipment at a given point in the shipment’s journey?

b) **Control**: who owns the goods at a given point in the journey?

c) **Liability**: who is responsible for paying damage to goods at a given point in a shipment’s transit?

19.7 It is essential for shippers to know the exact status of their shipments in terms of ownership and responsibility. It is also vital for Bidders/Vendors & buyers to arrange insurance on their goods while the goods are in their “legal” possession. Lack of insurance can result in wasted time, lawsuits, and broken relationships.

19.8 INCOTERMS are grouped into four different categories:

E-Terms: Where the Bidder/Vendor makes the goods available to the buyer at the Bidder/Vendor’s own premises (Ex- Works). E-terms occur when a Bidder/Vendor’s responsibilities are fulfilled when goods are ready to depart from their facilities.

F-Terms: Where the Bidder/Vendor is obligated to deliver the goods to the carrier appointed by the buyer (FCA). It refers to shipments where the primary cost of shipping is not paid for by the Bidder/Vendor.

C-Terms: Where the Bidder/Vendor contracts and pays for the transportation to a named port (CIF). Terms beginning with C deal with shipments where the Bidder/Vendor pays for shipping.

D-Terms: Where the Bidder/Vendor pays all costs and accepts all risks to deliver the goods to an agreed upon point (DDP). D terms cover shipments where the shipper/Bidder/Vendor’s responsibility ends when the goods arrive at some specific point. Because shipments are moving into a country, D terms usually

involve the services of a customs broker and a freight forwarder. In addition, D terms also deal with the pier or docking charges found at virtually all ports and determining who is responsible for each charge.

19.9 INCOTERMS – 2010

19.9.1 INCOTERMS 2010 has 11 terms used for the purchase and shipping of goods in the international market place. INCOTERMS 2010 attempt to better take into account the roles cargo security and electronic data interchange play in international trade.

19.10 ICC provides basic aspects of the definitions of a number of INCOTERMS, which buyers and Bidders/Vendors should be aware of this.

19.10.1 EX-Works (named place)

One of the simplest and most basic shipment arrangements places the minimum responsibility on the Bidder/Vendor with greater responsibility on the buyer. In an EX-Works transaction, goods are basically made available for pickup at the shipper/Bidder/Vendor's factory or warehouse and "delivery" is accomplished when the merchandise is released to the consignee's freight forwarder. The buyer is responsible for making arrangements with their forwarder for insurance, export clearance and handling all other paperwork.

19.10.2 FOB (Free On Board) (named port of shipment)

One of the most commonly used-and misused-terms, FOB means that the shipper/Bidder/Vendor uses his freight forwarder to move the merchandise to the port or designated point of origin. Though frequently used to describe inland movement of cargo, FOB specifically refers to ocean or inland waterway transportation of goods. "Delivery" is accomplished when the shipper/Bidder/Vendor releases the goods to the buyer's forwarder. The buyer's responsibility for insurance and transportation begins at the same moment.

19.10.3 FCA (Free Carrier) (named place)

In this type of transaction, the Bidder/Vendor is responsible for arranging transportation, but he is acting at the risk and the expense of the buyer. Where in FOB the freight forwarder or carrier is the choice of the buyer, in FCA the Bidder/Vendor chooses and works with the freight forwarder or the carrier. "Delivery" is accomplished at a predetermined port or destination point and the buyer is responsible for Insurance.

19.10.4 FAS (Free Alongside Ship)* (named port of shipment)

In these transactions, the buyer bears all the transportation costs and the risk of loss of goods. FAS requires the shipper/Bidder/Vendor to clear goods for export, which is a reversal from past practices. Companies selling on these terms will ordinarily use their freight forwarder to clear the goods for export. "Delivery" is accomplished when the goods are turned over to the Buyers Forwarder for insurance and transportation.

19.10.5 CFR (Cost and Freight) (named port of destination)

This term formerly known as CNF (C&F) defines two distinct and separate responsibilities-one is dealing with the actual cost of merchandise "C" and the other "F" refers to the freight charges to a predetermined destination point. It is the shipper/Bidder/Vendor's responsibility to get goods from their door to the port of destination. "Delivery" is accomplished at this time. It is the buyer's responsibility to cover insurance from the port of origin or port of shipment to buyer's door. Given that the shipper is responsible for transportation, the shipper also chooses the forwarder.

19.10.6 CIF (Cost, Insurance and Freight) (named port of destination)

This arrangement similar to CFR, but instead of the buyer insuring the goods for the maritime phase of the voyage, the shipper/Bidder/Vendor will insure the merchandise. In this arrangement, the

Bidder/Vendor usually chooses the forwarder. “Delivery” as above, is accomplished at the port of destination.

19.10.7 CPT (Carriage Paid To) (named port of destination)

In CPT transactions the shipper/Bidder/Vendor has the same obligations found with CIF, with the addition that the Bidder/Vendor has to buy cargo insurance, naming the buyer as the insured while the goods are in transit.

19.10.8 CIP (Carriage and Insurance Paid To) (named port of destination)

This term is primarily used for multimodal transport. Because it relies on the carrier’s insurance, the shipper/Bidder/Vendor is only required to purchase minimum coverage. When this particular agreement is in force, Freight Forwarders often act in effect, as carriers. The buyer’s insurance is effective when the goods are turned over to the Forwarder.

19.10.9 DAT (DELIVERED AT TERMINAL) (named terminal at port or place of destination)

The Bidder/Vendor delivers when the goods, once unloaded from the arriving means of transport, are placed at the Buyer’s disposal at a named terminal at the named port or place of destination. “Terminal” includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The Bidder/Vendor bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

19.10.10 DAP (DELIVERED AT PLACE) (named place of destination)

The Bidder/Vendor delivers when the goods are placed at the Buyer’s disposal on the arriving means of transport ready for unloading at the names place of destination. The Bidder/Vendor bears all risks involved in bringing the goods to the named place.

19.10.11 DDP (Delivered Duty Paid) (named place)

DDP terms tend to be used in intermodal or courier-type shipments. Whereby, the shipper/Bidder/Vendor is responsible for dealing with all the tasks involved in moving goods from the manufacturing plant to the buyer/consignee’s door. It is the shipper/Bidder/Vendor’s responsibility to insure the goods and absorb all costs and risks including the payment of duty and fees.

19.11 INCOTERMS 2010 are grouped into two classes**:**

19.11.1 TERMS FOR ANY TRANSPORT MODE

i) EXW – EX WORKS

ii) FCA – FREE CARRIER

iii) CPT – CARRIAGE PAID TO

iv) CIP – CARRIAGE AND INSURANCE PAID TO

v) DAT – DELIVERED AT TERMINAL

vi) DAP – DELIVERED AT PLACE

vii) DDP – DELIVERED DUTY PAID

19.11.2 MARITIME - ONLY TERMS

i) FAS – FREE ALONGSIDE SHIP

ii) FOB – FREE ON BOARD

iii) CFR – COST AND FREIGHT

iv) CIF – COSTS INSURANCE AND FREIGHT

19.12 INCOTERMS 2010 Rules - Chart of Responsibility

The at-a-glance chart with illustration of the buyers' and Seller/Bidder/Vendor's obligations under each of the Incoterms is as follows:

	Any Transport Mode		Sea/Inland Waterway Transport				Any Transport				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
Charges/ Fees	Ex Works	Free Carrier	Free Alongside Ship	Free On board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid
Packaging	Buyer or Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/ Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty & Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading On Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller		Seller			
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery To Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
Import Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

19.13 INCOTERMS – 2020

ICC Incoterms 2020 has been released and is effective from 1st January 2020. Incoterms are fundamental to international trade, providing a set of contract terms for international freight delivery. These clearly define the delivery point and the Bidder/Vendor and buyers' responsibilities, risks and costs.

19.14 Key Changes in INCOTERMS 2020

i) **DPU (Delivered at Place Unloaded) - renaming of DAT**

In the Incoterms 2020, a new Incoterm DPU (**Delivered at Place Unloaded**) is created replacing the DAT (Delivered at Terminal). DPU is the only Incoterm in which the goods are delivered unloaded at the place of destination. The change of name is substantiated as the goods cannot only be unloaded at a transport terminal or infrastructure (port, airport, dock etc.) but likewise at any other point in the destination country, which has facilities for the unloading of the goods from the means of transport, such as for example a factory or warehouse.

ii) **FCA: Option of Bill of Lading (BL) with On-board Notation**

In the Incoterms 2020 version, this option is specified, for maritime transport, so that the buyer may instruct the carrier (shipping company or its agent) which has been contracted in order to issue a Bill of Lading (B/L – Bill of Lading) on behalf of the Bidder/Vendor with the annotation of "aboard" (on-board), which specifies that the goods have been loaded aboard the ship. This is the most common shipment document which is used in the letter of credits transactions in order to substantiate the delivery of the goods and, thereby, payment of the credit to the Bidder/Vendor.

iii) **CIP and CIF: Different Coverage of Transport Insurance**

In Incoterms CIP, the Bidder/Vendor is under the obligation to take out under contract transport insurance in favour of the buyer with extensive coverage, which corresponds to Clause A of the Institute Cargo Clauses (IUA/LMA). Nevertheless, the parties may agree to take out insurance which offers reduced coverage (Clause C of the Institute Cargo Clauses).

In Incoterms CIF, the Bidder/Vendor is only under the obligation to take out under contract insurance with minimum coverage, which corresponds to Clause C of the Institute Cargo Clauses (IUA/LMA). This difference with CIP is justified on the basis that as the CIF is commonly used for bulk maritime transport (raw materials, minerals etc.) whose price per kilo is very low and the requirement of insurance with maximum coverage which would drive up considerably the policy premium, making it much more expensive, and which is detrimental to margin for negotiation of the Bidders/Vendors. In either event, just like in Incoterms CIP the parties may agree to take out insurance which offers broader coverage (Clause A of the Institute Cargo Clauses) which will be compulsory, if the payment of the sale is made by means of a letter of credit.

iv) **Customs Clearance: Export, Transit and Import**

In Incoterms 2020, it is more precisely explained which party, Bidder/Vendor or buyer, is responsible for carrying out customs formalities and clearance, assuming the costs and risks thereof and the release of goods in transit is included for the first time. For the latter, the rule, which is used, is that the liability is assigned to whoever assumes the risk of transport to the place of delivery. Therefore, in the Incoterms EXW, FCA, FAS, FOB, CPT, CFR, CIP and CIF, wherein the risk of transport is transferred at origin (country of the Bidder/Vendor) the liability in the customs transit clearance is assumed by the Buyer; on the contrary, in Incoterms DAP, DPU and DDP, the risk is passed on at the destination (country of the Buyer), the Bidder/Vendor bears the liability. This change may be significant in international sales wherein the goods must pass through customs of complex countries prior to arriving at the customs of the import country.

v) **Transport security requirements**

In the Incoterms 2020, liability as regards security is addressed more precisely under two circumstances: transport from the country of origin to that of the destination and customs clearance formalities and procedures (export/transit/import).

During the transport of the goods the security liability is assumed by the party who executes the carriage of goods contract: Bidder/Vendor (CPT, CFR, CIP, CIF, DAP, DPU and DDP) or Buyer (EXW, FCA, FAS and FOB). As customs clearances are concerned, the safety liability lies with the party, which must undertake the clearance.

19.15 Incoterms 2020 Rules – Chart of Responsibility

The at-a-glance chart with illustration of the Buyers' and Seller/Bidders/Vendors' obligations under each of the Incoterms is as follows:

	Any Mode		Sea Transport Only				Any Mode				
	EXW	**FCA**	**FAS**	**FOB**	**CFR**	**CIF**	**CPT**	**CIP**	**DAP**	**DPU**	**DDP**
	Ex-Works	Free Carrier	Free Alongside Ship	Free On Board	Cost and Freight	Cost, Insurance, Freight	Carriage Paid To	Carriage and Insurance Paid	Delivered At Place	Delivered at Place Unloaded	Delivered Duty Paid
Risk transfers when:	Goods placed at buyer's disposal	Goods placed at buyer's disposal	Goods arrive alongside ship	Goods loaded on ship	Goods loaded on ship	Goods loaded on ship	Goods taken in charge by carrier	Goods taken in charge by carrier	Goods arrive at named destination	Goods unloaded at named destination	Goods arrive at named destination
Loading and inland transport	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export taxes, clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Unloading of the vehicle in the export port	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading fees in export port	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Main carriage	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Unloading fees in import port	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Negotiable	Seller	Seller	Seller	Seller
Loading to the transport vehicle in import port	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller
Transport to the delivery address	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Import formalities, duties, fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Unloading at named destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	Seller Clauses (C)	Negotiable	Seller Clauses (A)	Negotiable	Negotiable	Negotiable

19.16 All contracts using any Incoterms are valid if they are agreed upon by all parties to the transaction, and correctly identified on the export-related documents. Although the ICC recommends using Incoterms-2020 beginning January 1, 2020, parties to a sales contract can agree to use any version of Incoterms after 2020. They need to clearly specify the chosen version of Incoterms being used in the Contract (i.e. Incoterms 2010, Incoterms 2020, or any earlier version). As ICC regularly reviews and updates Incoterms on periodic basis, it is recommended to refer ICC website for the latest updates.

Chapter - 20

GOVERNMENT GUIDELINES ON PUBLIC PROCUREMENT

20.1 Central Vigilance Commission (CVC) were issuing guidelines on public procurement from time to time. However, CVC has now decided that for the sake of uniformity and to avoid multiplicity of authorities for issuance of guidelines on procurement related issues, updated Procurement Manuals may be issued by Department of Expenditure (Min. of Finance, Govt. of India) only, after taking into consideration the guidelines issued by the Commission. Accordingly, Department of Expenditure have updated and released i) Manual on Procurement of Goods; ii) Manual on Procurement of Works; and iii) Manual on Procurement of Consultancy & Other Services, wherein the guidelines issued by the Commission on public procurement has also been assimilated. The same are available on Commission's website i.e. www.cvc.gov.in under the head "Guidelines" and sub-head "Tender Guidelines" and also on DOE's website www.doe.gov.in. The CVC circular No. 14/07/22 dated 11.07.2022 indicating the above is placed at **Reference – 5**. Same is also covered in OM dtd 04.08.2022 issued by Dept. of Expenditure.

20.2 Divisions may refer the procurement manuals and "General Instructions on Procurement and Project Management" (available at www.doe.gov.in/procurement-policy-divisions) issued by DOE and as revised from time to time for guidance.

20.3 Policies related to procurement are being notified/ amended by Government of India (GoI) from time to time. Recent notifications issued by GoI are indicated below:

i) Public Procurement Policy for MSEs, order 2012 as amended from time to time.

ii) Purchase Preference Policy (Preference to Make In India) Order 2017 (PPP-MII Order, 2017) issued by Department of Promotion of Industry and Internal Trade (DPIIT) as revised from time to time.

iii) Instructions regarding Global Tender Enquiry (GTE) Under Rule 161(iv) of General Financial Rules (GFR-2017) by Department of Expenditure, Ministry of Finance as revised from time to time.

iv) Instruction on Bidders from a country which shares a land border with India - Order (Public Procurement No. 1) vide F.No. 6/18/2019-PPD issued by Department of Expenditure dated 23.07.2020 and as revised from time to time.

For all procurements undertaken by HAL Buyers, the laid down GoI guidelines need to be strictly adhered.

20.4 Public Procurement Policy for MSEs, order 2012

a) The Policy is detailed at **Reference – 4**.

b) As per the Policy, Micro and Small Enterprises (MSE) get benefits such as issuance of tender sets free of cost, exemption from payment of Earnest Money Deposit (EMD) and reserving quantity of minimum 25% as L1+15% purchase preference (i.e. opportunity to match with L1 price provided MSE price is within L1+15%), where L1 is a non-MSE vendor.

c) Following shall be followed subject to the quoted price of MSE falls within the price band of L1+15% and such MSE agrees to match with L1 price (where L1 is non-MSE vendor):

i) In case the tendered item fall under splitable/ divisible category, the MSE shall be allowed to supply 25% of total tendered quantity.

ii) In case the tendered item fall under non-splitable/ non-divisible category, the MSE shall be allowed to supply 100% of total tendered quantity.

d) In case any item is non-splitable/ non-divisible, the same need to be decided before issuance of the tender and above conditions need to be suitably indicated in the tender accordingly.

e) MSME vendors are eligible for the benefits as per this Policy, only if the MSME bidders declare UAM number/ Udyam Registration number and submit the copy of UAM/UAN certificate along with the bid.

f) Development Commissioner, Ministry of MSME publishes FAQs & other guidelines related to the Policy from time to time on its website - https://dcmsme.gov.in.

g) Efforts to be made by Divisions to develop and register new MSMEs.

20.5 Purchase Preference Policy (Preference to Make In India) Order 2017 (PPP-MII Order, 2017)

a) Provision of PPP-MII Order should be incorporated in all applicable tenders as per the policy.

b) Qualifying criteria such as excessive turnover, requirement of foreign certification, requirement of unreasonable prior experience, requirement of prior experience of supplying to specific nations/entities, etc. should not be prescribed in tenders.

c) Specification apparently supporting/ insisting for foreign make products or not allowing domestic supplier to participate in tender should not be framed.

d) Restrictive clause/ restrictive specification to seek offer from a specific vendor (even the product/ equivalent product is available with indigenous sources) should not be included in tenders.

20.6 Instructions regarding Global Tender Enquiry (GTE) Under Rule 161(iv) of General Financial Rules (GFR-2017)

a) Guidelines for submission of GTE proposal to MOD issued by CO from time to time shall be adhered to.

b) It is mandatory to inform Domestic Industry through an Open tender before seeking GTE exemption. Information about such open tenders should also be sent to Industrial Associations viz. FICCI, CII and ASSOCHAM at their e-mail IDs provided by CO from time to time.

c) Only after receipt of formal approval from Competent Authority, division would take up for issuance of GTE.

20.7 Guidelines for Arbitration and Mediation in Contracts of Domestic Procurement:

As per O.M. No.F.1/2/2024 – PPD, dt.03-06-2024, issued by Procurement Policy Division, Dept. of Expenditure, Min. of Finance, focusing mainly on para 7 and 8 of the above referred O.M., which includes:

a) Arbitration should not be automatically included in Domestic procurement contracts.

b) If the Arbitration to be included in Domestic procurement contracts, then it may be restricted to disputed value not more than Rs. 10 Crore. It may be specifically stated in the Tender terms that any disputed value more than Rs. 10 Crore shall not be settled by Arbitration.

c) Any Arbitration claim with value more than Rs. 10 Crore if encounters, the same needs to be carefully dealt by giving proper reasons/justifications and obtaining prior approval of Chairman and Managing Director (CMD).

d) In case Arbitration is the choice of Dispute settlement mechanism between the parties, than any other alternative dispute settlement mechanisms, then it is suggested to resort to Institutional Arbitration.

e) It is suggested to adopt Mediation as alternative dispute settlement mechanism (under Mediation Act 2023) for amicable settlement for resolution of disputes.

f) In the process of Mediation of any dispute, a resolution/settlement is arrived between the Parties to the Mediation then HAL need to obtain the prior approval of CMD, before accepting the settlement terms.

g) In case of any dispute which is not covered under Arbitration and the methods outlined for Mediation is unsuccessful, then such disputes need to be adjudicated by Competent Courts.

h) Mediation provision may be incorporated consciously in the RFQ and consequent procurement contracts for all Domestic procurements.

i) Division may consider the guidance contained in General Instructions on Procurement and Project Management dt.29-10-2021 with regard to Arbitration decisions which are awarded against the Government/PSUs i.e. the decision to challenge/appeal the award should not be invoked automatically, but only after considering the genuine merits in case where the chances of winning is more.

j) For conducting the Mediation process, the following may be noted:

   i) A High Level Committee (HLC) shall be constituted, which may comprise the member of both Parties who are experts in the field of disputed issue and such HLC is called as an “Internal” committee and if the value of the disputed claim is high, then it is suggested to have an “External” Committee where the committee may comprise of a retired Judge or a retired High-Ranking officer and/or a technical expert in that disputed field where both Parties have difference/dispute.

   ii) While considering constitution of HLC, section 43(5) of Mediation Act 2023 may be considered, which reads:

   “The following persons may be included in the panel referred to in sub-sections (4) -

   (a) person of standing and integrity who are respectable in the community;

   (b) any local person whose contribution to the society has been recognised;

   (c) representative of area or resident welfare associations;

   (d) person having experience in the field of mediation; and

   (e) any other person deemed appropriate.”

The clause as provided in Part - II, F 1 (a) of **Annexure - 14** to be considered for Domestic Tenders for Dispute Settlement Mechanism.

Chapter - 21

e-PROCUREMENT

21.1 Introduction

HAL has adopted implementation of e-Procurement system across the Company to improve the transparency in procurement process in line with the Directives of CVC and MoD for all types of tender's w.e.f. 1st September, 2011. The threshold value for e-Procurement is Rs. 2 Lakhs.

The Main Objectives of e-Procurement are:

- To bring more transparency in the procurement system
- To provide centralized unified platform for vendor registration
- To facilitate faster decision making
- To provide opportunity for wider participation
- To make submission of the Bids by the bidders/vendors easier
- To facilitate on-line provision of Addendums and changes to the tender documents to bidders/vendors

21.1.1 This initiative is taken by HAL to facilitate the bidders for easy submission of their bids and bring more transparency, reduce cycle time, on-line provision of addendums and changes to documents to bidders/vendors and also on-line acknowledgement of bids. e-Procurement is an automated web based procurement process, where the complete end-to-end transactions from indent creation to payment can be performed.

21.1.2 HAL has taken special care to build in highest level of security in e-Procurement Portal and this is completely owned and managed by HAL. e-Procurement Portal of HAL may be visited at https:// eproc.hal-india.co.in. e-Portal got the Secured Socket Layer (SSL) certification by VeriSign. Helpdesk has been deployed for any clarifications from bidders/vendors & HAL users.

21.1.3 Considering the sensitivity involved in defence procurement, the highest level of IT security has been embedded in e-Procurement Portal of HAL. The portal takes care of key security concerns like 'Privacy', 'Authentication', 'Integrity of Data' and 'Non-repudiation' through the state-of-the-art technology. To strengthen 'Privacy' and 'Integrity of data', bids/ documents uploaded by bidders will be encrypted (through Digital Signature Certificate) and the same would be retrieved and decrypted only by authorized HAL users through their Digital Signature Certificate (DSC).

21.1.4 To participate in e-Tenders of HAL, vendors are required to get themselves registered with HAL e-Procurement system at https://eproc.hal-india.co.in. For registration, vendors are required to obtain DSC Class-III with the organization name from the empanelled Certifying Authorities (CA's) of India (https://cca.gov.in may be visited for further details).

21.1.5 On-line Training

On-line training through Web-ex is available for HAL Users and all vendors. For training, an e-mail has to be sent to eptraining@hal-india.co.in. Training schedule is published in e-Procurement Portal.

21.2 System Requirements

Help Manuals available on HAL e-Procurement portal may be referred for detailed System Requirements.

21.3 Users Requirements

21.3.1 Digital Signature Certificate (DSC)

i) Digital Signature is an electronic signature that is used to authenticate the identity of the sender of a message or a document and to ensure that the content of the message or the document have not been tampered with. Digital Signature provides authenticity, integrity and non-repudiation to electronic documents. Please visit the website https://cca.gov.in for further details on usage of DSC.

ii) The Digital Signatures require a key pair (asymmetric key pairs, mathematically related large numbers) called the Public and Private Keys. Just as physical keys are used for locking and unlocking, in cryptography, the equivalent functions are encryption and decryption. The private key is kept confidential with the owner whereas the public key is shared with other users/vendors registered in the system.

iii) DSC Class III with the organization name is a mandatory requirement for all users (i.e. HAL and both Indian & Foreign vendors) to carry out e-Procurement activities. DSC may be obtained from any Certifying Authority (CA) in India licensed by the Controller of Certifying Authorities (CCA).

iv) Help Manuals available on HAL e-Procurement portal may be referred for detailed Guidelines for obtaining DSC.

21.3.2 Encryption Key

a) Encryption key is a mandatory requirement for the Tender Opening Authorities who are primarily the custodian of Tender document viz. IMM, Outsourcing & Works Department for decryption of bids during the Tender opening process.

b) The digital keys issued by M/s NIC are having signing and encryption certificates. The Tender Initiator and Tender Approving Authority (TAA) will be requiring only Signing Certificate during submission of Tender. However, the Tender Opening Authority (TOA) should have the encryption Key for decryption of bids during Tender Opening activity.

c) Function/Usage of Encryption Key:

i) The system encrypts the information (bids) by the Public Key of TOA while submission of the bids by the vendors.

ii) The bids will be stored in an encrypted form in an Electronic Secured Tender Box which shall be time stamped.

iii) The bids can be decrypted only by using the Encryption Key of TOA after the due date and time is elapsed.

iv) Both the Signature and Encryption Certificates shall be obtained in e-Token.

21.4 Registration in the e-Procurement System

21.4.1 Registration of HAL Users

a) Respective Head of department for IMM, Outsourcing and Works/Maintenance will be considered as Coordinator. Head of IMM will also be considered as Coordinator for any other department (e.g. Finance, etc.) involved in e-tendering.

b) Format for creation/change/De-activation of User Role/s on HAL e-Portal is placed at **Annexure – 31**.

c) The Coordinator need to forward the duly filled format to e-Procurement Cell at Corporate Office for creation of Roles in the e-Procurement Portal.

d) In case of any change in the role/s of HAL user (due to transfer, superannuation, etc.), the Coordinator has to ensure updation of such change in the role/s including de-activiting the user ID on the e-Portal system.

21.4.2 The following are the Roles created against the activities:

a) **Tender Initiator (TI):** To create Tender, upload of documents, vendor selection, select TOA, Tender modification and create corrigendum/addendum. Subsequently, Tender will be moved to the next level i.e. Tender Authorizer.

b) **Tender Authorizer (TA):** In addition to the role of Tender Initiator, Tender Authorizer will also be able to qualify or disqualify the vendors and authorize the Tenders. Only on authorization, the Tenders shall be issued in the e-Procurement Portal.

c) **Tender Opening Authority (TOA):** The Tender Opening Authority (IMM/OS/Works) shall have encryption key which will be used for decrypting the bids.

d) **Tender Opening Committee (TOC):** The tender opening committee shall have DSC for tender opening. Level 1 opening will be done by Finance only and Level 2 will be done by TOA of IMM/ OS/ Works, etc.

e) **Super User (SU)**: In case of transfer/ superannuation/ expiry of DSC, etc. of the original TOA, another TOA of same department (IMM/OS/Works) can be given role of 'Super User' for signing the bids. However, encryption key (i.e. DSC) of the original TOA will be used for decryption of the bids. In such case, DSC of the original TOA should be retained by the Coordinator. Super User can also 'escalate' the tender in case tender has to be opened by STOA. For Super User Role, a specific request from the Coordinator should be sent to e-Procurement Cell at Corporate Office.

f) **Supreme Tender Opening Authority (STOA)**: STOA is identified at Corporate Office. In case, TOA's key (i.e. DSC) is lost/damaged or encryption certificate is corrupted then such tenders can be opened by STOA. For this, an approval from Head of Division should be obtained mentioning the tender no. and proper justification for opening the tenders by STOA. The Super User should 'escalate' the tender first, then the approval should be forwarded to e-Procurement Cell at Corporate Office for tender opening by STOA.

21.4.3 Registration of Bidder/Vendor

a) The user interface of on-line registration module is in-line with the Purchase Manual, Outsourcing Manual and Works Manual of HAL.

b) The vendors need to have a valid DSC Class III with the organization name for Registration in HAL e-Procurement portal and for participation in HAL Tendering activities. The vendors may obtain DSC from the Certifying Authority (CAs) in India. DSC obtained from CA's other than India will not be accepted in the e-Portal.

21.4.4 The following are the procedure involved in registration:

a) **Web Registration**

The vendors shall register under "New User Sign Up" for web registration using DSC and obtain user ID and password for login on e-Portal. Web Registration is a one-time activity. Web Registered vendors can participate in all Open tenders issued by HAL.

b) **e- Registration & Vendor empanelment**

i) To participate in other than Open Tenders, the web registered Vendors have to complete their e-Registration activity by logging on to the e-portal. They have to select the 'e-Registration' option while logging in using their User ID and password. There are separate e-Registration formats for Indian and Foreign vendors.

ii) Help Manuals available on HAL e-Procurement portal may be referred for detailed Guidelines for e-registration.

iii) The Head of IMM/ authorized personnel of the selected Division shall verify the details and enable/ approve the Vendor, after taking necessary approval as per laid down procedures for vendor registration.

iv) Other than the empanelled vendors viz. sister concerns, Channel partners, agents, dealers etc. are not permitted to participate on behalf of registered and empanelled bidders/ vendors. However, OEM authorizes their channel partner to participate in tender on their behalf, OEM should give an authorization letter and their channel partners should get registered with HAL e-Procurement Portal to participate in tenders.

c) **Approved Vendors List**

The list of Approved Vendors (both web-registered and empanelled vendors/e-Registered) are available as MIS report in the e-Procurement Portal. This feature is available for HAL users after login.

21.5 Help Manual

Help Manuals for System requirements, DSC guidelines and to carry out various activities such as registration, issuance of tenders, submission of bids, etc. are available on e-Procurement Portal. These help manuals are updated time to time.

21.6 Scope of e-Procurement

21.6.1 The implementation of e-Procurement system in HAL is to streamline and automate its procurement process which can be effectively utilized by all Divisions, Complexes and Offices to improve efficiency in the process, cut down the total time in procurement activities and enhance the database of vendors.

21.6.2 e-Procurement is applicable to carry out e-tendering activities (Vendor Registration, Tender Creation, Approval through workflow, Online Bidding, generate Comparative Statement) for functions covering IMM, Outsourcing & Works Departments for all types of Tenders of estimated value more than threshold value. However, Divisions may adopt e-Procurement for Tenders of value less than threshold value.

21.6.3 However, the following purchases are exempted from the ambit of e-Procurement:

i) Purchases through Licence Agreement (LA)

ii) Purchases through World Wide Catalogue Price (WWCP)

iii) Purchases emanates out of Inter-Governmental Agreements (IGA)

21.6.4 Features of e-Procurement Portal

21.6.4.1 **Modes of Tendering**: The following modes of Tendering/ type of bids may be processed through e-Procurement System:

i) **Open Tender**: For open tender, advertisement should be given in Central Public Procurement Portal (CPPP) at www.eprocure.gov.in stating that tender is available on https://eproc.hal-india.co.in and all the documents are available on the portal only.

ii) **Limited Tender**: In Limited Tender, only the most likely and suitable sources available in the vendor directory are addressed.

iii) **Single Tender**: When an offer from a single source is invited is called a Single Tender Purchase.

iv) **Proprietary Tender**: When an offer from a proprietary source only is called.

v) **Type of Bids**

- Single Bid

- Two Bids
- Three Bids

vi) The Bidder shall submit the responses in single stage for all the Bids. The tender opening of the Bids shall be done in sequential order, 1st Bid opening and short-listing, followed by 2nd Bid opening and short-listing, followed by final 3rd Bid opening.

vii) Example: The brief procedure on Two Bid Tendering to be followed is given below:

a) Purchaser has to select the type of Bids (Two Type).

b) Purchaser has to update relevant information of Tender as per the format.

c) Purchaser has to fill the Technical & Price Bid Opening Date and Time.

d) Price Bid Opening date in the portal has been set default as 01-01-9999. In case of non-availability of Price Bid Opening Date and Time, it is suggested to retain the system default set date & time for Price Bid Opening date & time. Subsequently, as per the requirement, the default set date & time for Price Bid Opening can be modified by issuing the corrigendum.

e) After the Technical Bid Opening Date and Time is reached, only the Technical Bids can be opened and downloaded.

f) After completion of technical evaluation of the offers received, purchaser has to update the qualified vendors in the system for the opening of price bids.

g) In case of modifications in Price Bid Opening Date and Time, revised Price Bid Opening Date and time can be entered in the system against the subject Tender by issuing corrigendum.

h) The system will send e-mail/SMS alerts to the qualified vendors about the Price Bid Opening Date.

i) Only after the Price Bid Opening Date and Time is reached, the Price Bids can be opened and downloaded for evaluation.

21.6.4.2 Exceptions

a) Waiver from e-Tendering, in special cases, for the tenders valuing above the threshold value for e-Tendering can be accorded by the Head of the Division with recorded reasons.

b) Procurement through GeM portal is considered as through e-tendering.

21.6.4.3 Creation of Tenders

i) Tender shall be created and hosted in the e-Procurement portal by the user having the defined role of 'Tender Creator' in the system.

ii) The Tender No. is a mandatory field which is unique and to be maintained by the Divisions in-line with the Indent/Contract No. In addition, other fields such as Name of Division, Type of Tender, No. of Bids, EMD (Refer Point 10 on EMD), Due Date, Opening Date etc. to be updated by the Tender Creator in-line with the Indent/Contract.

iii) A template of Technical and Price Bids to be hosted along with the Tender shall be pre-defined as per the requirements of the Indent/Contract. The template to be created in the excel format to allow bid submission as per the requirement of Indent/Contract. The cells of the template will be kept Locked (excel feature) where vendors do not require to provide any Data, while cells where vendors need to submit their offer, would be kept unlocked. Division should take care that cells in the Quote range should not be merged. Help Manuals should be referred for the version/s of MS Excel which can be used for the bids.

iv) The pre-qualification documents, Standard Terms & Conditions shall be created, downloaded and attached as per the requirements of the Tender.

v) Integration of e-Procurement System and ERP is in-progress as part of Project Parivartan. After integration, tender can be created through ERP.

21.6.4.4 Selection of Vendor

The 'Tender Initiator' has to select the vendor(s) already registered in the portal in case of other than Open tenders. In case of Open Tender, the tenders can be viewed by all the vendors in 'Tender Free View' available in the Portal.

21.6.4.5 Selection of TOA for Tender

Divisions have to finalize the TOAs on rotation (monthly) basis. The Tender Creator should be aware of the TOA before creation of the Tenders for the particular Tender.

The Tender Creator along with Tender has to select the authorized Tender Opening Authority (TOA) who will be responsible for opening the particular Tender. Once the Tender is submitted with TOA, it is mandatory that the same TOA with valid DSC to be present along with other Tender Opening Committee members during opening of the Tenders. Changing of TOA is not permitted after the tender has been authorized.

21.6.4.6 Submission of Tender

Once tender is created, the 'Tender Authorizer' may modify the contents of Tender Document, if required or otherwise authorise/issue/host the tender.

Once the Tender is hosted, the system will generate e-mail/SMS alerts to the concerned vendors in case of Limited Tender. In case of Open Tender, the information will be available to all registered vendors.

Tendering time may be given for submission of the quotation in-line with the existing procedure.

21.6.4.7 Addendum/Corrigendum to Tender

The system has provision for issuance of Addendum/Corrigendum for modifications in tender Terms & conditions and extension of the due date & time before the due date & time of the tender. However, the system will not allow preponement of the tender due date (except tender issued to Single source i.e. Proprietary, Single, etc.) in case of any hosted tender through e-Procurement Portal.

Preponement of tenders issued to Single source may be done by giving service request (official email/letter) to ephelpdesk@hal-india.co.in.

In case of Open/Global tender, addendum/corrigendum about the tenders has to be published in Central Public Procurement Portal (CPPP) at www.eprocure.gov.in, HAL website, etc. as per standard procedure.

21.6.4.8 Pre-Bid Clarification

'Bid clarification' module is available in the e-Procurement portal to obtain clarifications on pre-bid queries and provide response to Bidder queries.

21.6.4.9 Bid Submission

The system allows the bidder to submit his bids only in the forms associated with the tender and only if the vendor fulfills the minimum criterion specified against each parameter.

The system will allow the bidder to submit pre-qualification, technical and commercial bids separately and upload relevant certificates and supporting documents. During submission, the bidder/system will encrypt the bids using public key of Tender Opening Authority (TOA) as per the instructions in tender to meet the highest standards of data security & confidentiality.

All the received bids shall be stored in an encrypted form in an Electronic Secure tender box. It is not possible to open and view the contents of the Electronic Secure Tender Box till the due date & time/ specified time have elapsed.

The bidder is allowed for multiple submissions of bids till the closing date & time. However, the system will consider only the last bid submitted by the bidder. System will not allow to know No. of bids received before the closing date & time to HAL user. However, HAL user can view the following code in 'Response' against the tender:

- Non-Competitive: If one or no bid is received.
- At Par: If two bids are received.
- Competitive: If more than two bids are received.

The system shall generate a submission acknowledgement with Token number for every successful bid submission.

21.6.4.10 Closing of Bid Submission

The System will close the bid submission automatically in accordance with closing date and time specified in the tender. In cases of unexpected/genuine server related issues, Division can take a decision to extend the tender closing time in the form of corrigendum to the Tender.

The System will not allow bidder to submit any bids after the due date & time/ where a tender is closed.

21.6.4.11 Tender Opening/Evaluation

The System will allow opening of Technical bids by the Tender Opening Committee (TOC) through dual opening levels using DSC only after reaching the opening date & time. Bids will be opened initially by Level 1 i.e. Finance Officer and then by Level 2 i.e. TOA (IMM/OS/Works).

If selected TOA i.e. Level 2 is not available on the Tender opening day, the tender can be opened on the next working day. As the system is web based, the TOA/TOC can be present virtually from any location and carry out Tender Opening activity from remote location using their DSC.

The bids shall be decrypted only through private key of TOA indicated against that particular Tender. The same process shall be repeated for all the bids of different vendors.

In case of two bid system, vendors can see only No. of vendors participated with name after opening of technical bids from their location and they need not to witness for the bid opening. After technical evaluation and recommendation, price bids of technically accepted vendors shall be opened. On opening of Price bids, qualified vendors can see each other's bids (Technical and Price bids). However, in single bid system, all the bidders can see each other's bids after bid opening. Disqualified vendors at any stage cannot see bids of other vendors.

The system will generate Technical/Price Comparison statement based on the pre-defined Technical/ Price bid format. The comparison statement will map all vendor bids and display in tabular format as Vendor 1, Vendor 2, etc.

Procedure at **para 8.11** of Purchase Manual may be followed for tender evaluation.

The system will create log of all the tendering activities carried out by HAL Users and Vendors against the Tender with date & time stamp. The log will be available against each Tender for review as and when required. Log details need to be kept in purchase file.

21.6.4.12 Hard Copies of the documents

All the documents such as Bid documents received from the bidders, compliance statement (Technical/Price), Tender Logs, Vendor Logs of all activities pertaining to Tenders etc. will be available in the e-Procurement systems. Bid documents will be retained in the system as per the retention period defined in Purchase Manual. Further, Division may also use TNR application ('Tender Name Record')

for getting the bid documents on LAN network. Hence, print out of the bid document is not mandatory to promote paperless work.

21.6.4.13 Bid Clarification Module

The facility is available for HAL users to seek clarifications from the bidders after opening of bids. The HAL user can select any/all the Vendors and ask for clarifications/documents for scrutiny. The selected vendor shall provide the response to the said clarification within the stipulated date and time.

21.6.4.14 EMD Payment

Currently EMD will be submitted off-line and only the details of fee instruments will be entered during bid submission by the vendors. The following steps may be adopted:

i. In the Tender, EMD value to be indicated.

ii. EMD clause of the RFQ to be modified as follows:

Earnest Money Deposit (EMD) in the form as specified at **para 6.3** of Purchase manual should be scanned and attached with the Pre-qualification/Technical Bid. Original of the same shall be submitted to the Officer in-charge of the respective Office/Division so as to reach on or before the closing date & time. Offers where Earnest Money Deposit is not received before the due date and time would be considered as unresponsive and rejected.

HAL will not be responsible for any transit/postal delay in receipt of EMD.

In case of vendors, who are exempted for submission of EMD, they can upload the relevant certifications for EMD exemption along with Technical Bid and submit the Bid. Offers without the relevant certificates for EMD exemption would be treated as unresponsive and rejected.

21.6.4.15 Acceptance of Samples:

The following Off-line method may be adopted:

Respective Division or Office shall indicate Name, Contact No. and address of the authority to receive samples in the Tender. The supplier has to give compliance in the Technical Bid for having submitted the samples. The samples should reach on or before the closing date. If the supplier is required to enter the proof of producing the samples in the technical bid, he has to indicate the relevant declaration as a check-list in the technical bid.

The bids shall be liable for rejection in case the samples are received after the closing date.

21.7 General Guidelines

Users can refer Help Manuals/ FAQs available on the e-Portal for the followings:

a) Procedures for modifying the approved/empanelled vendors profile

b) Guidelines for updation of new DSC serial No. or resetting of Password

c) How to manage the bigger size files

d) Procedures for modifying the approved/empanelled vendors profile

e) Guidelines for updation of new DSC serial No. or resetting of Password

f) How to manage the bigger size files

g) Guidelines for remapping of the roles in case of transfer/superannuation

h) Encryption Key back up procedures

i) Procedure to retrieve lost password

j) Procedure to enable all the ActiveX controls in the browser to rectify “Authentication Failed” error during login

k) Additional General Terms and Conditions for e-Tender

i) Bid must be submitted online through HAL’s “e-Procurement system” at https://eproc.hal-india.co.in. Bidder shall submit both “Technical Bid” and “Price Bid” through HAL’s e-Procurement Portal only. Bids submitted in any other form, such as courier/post/in-person/fax shall not be accepted against this Tender.

ii) Any change in bid after the “Due Date & Time of Bid-Submission” of Tender is not allowed.

iii) Bidders are advised, in their own interest, to ensure that their bids are submitted well before the “Due Date & Time of Bid-Submission” of the Tender as HAL’s “e-Procurement System” at https:// eproc.hal-india.co.in will not allow submission of bids once the closing date and time of the Tender (i.e. Due Date & Time of Bid-Submission) is reached. HAL shall not be responsible if bidder is not able to submit the bid on account of failure in network/ internet connection at bidder’s end.

l) Procedure for handing over of DSC in case of resignation/superannuation:

i) DSC (including Hardware/Token and Soft Copy of the key, if any) issued to the officer is to be handed over to the Head of Department.

ii) An application from the respective Department/Division to be sent to the Certifying Authority to revoke the user DSC.

iii) Further, his/her user credentials in the e-Procurement System should be deactivated (disabled by sending mail to ephelpdesk@hal-india.co.in so that he/she can no longer access the application while the certificate revocation is under process with the CA.

21.8 e-Reverse Auction (eRA)

21.8.1 Introduction

e-Reverse Auction is one amongst the several process involved in e-Procurement system. It replaces the conventional price negotiation with an electronic auction process enabling selection of the successful bidder. This not only facilitates price discovery but also allows participation of all technically qualified vendors without elimination.

eRA provides an opportunity to all the bidders qualified in technical evaluation to improve their price offered earlier dynamically and continuously throughout the “Auction time”.

eRA is used in procurement of Goods, Services and Outsourcing. The laid down procedure for works will be issued separately.

21.8.2 Applicability

21.8.2.1 eRA process can be adopted in both “Open & Limited” tenders.

21.8.2.2 Only for tenders involved with Indian bidders.

21.8.2.3 eRA shall only be conducted in 2 or 3 bid system.

21.8.2.4 eRA cannot be adopted in proprietary/ single tender case.

21.8.2.5 eRA cannot be implemented/ taken up in single offer/ single acceptable offer.

21.8.2.6 eRA can be considered where two or more bidders have technically qualified.

21.8.3 Pre-Requisites

21.8.3.1 Provision of eRA shall be pre-defined in NIT condition viz. "*HAL Reserves the right to conduct e-Reverse Auction, if it is considered necessary*", in case Division intends to go for eRA. To conduct e-Reverse Auction, the Date and Time of commencement of eRA and also Duration of 'Reverse Auction Time' shall be communicated at least 3 working Days prior to such auction date.

21.8.3.2 Prior to opening of price bids, Head of tendering Department/ Head of Division can decide whether eRA shall be conducted or not.

21.8.4 Process

21.8.4.1 eRA requires selection of "Tender cum Auction" in the e-Procurement Portal, at the time of creation of tenders.

21.8.4.2 If eRA is decided as per **para 21.8.3.2** above, after opening of the price bids, a Reverse Auction will be created where:

a) No indication will be available in the portal to anyone regarding names of the bidders.

b) All the bidders can view lowest bid (all inclusive) and also bid submitted by them.

21.8.4.3 Only vendors who are technically qualified as identified by the Division can participate in e-Reverse Auction relevant to the procurement for which Tender/RFQ is floated.

21.8.4.4 When tender has several items, vendors having offered for partial items or having offers partially accepted, will be allowed to participate in eRA for such acceptable items only. However, in case RFQ calls for package evaluation, vendors whose offers are accepted for all the items only will be considered and allowed to participate in eRA.

21.8.4.5 During the auction time, each bidder shall be able to view not only the lowest bid (all inclusive) but also the last bid made by them at any point of time.

21.8.4.6 Initially, closing time (scheduled time) of the auction shall be after a period of 120 minutes from commencement of auction. If a bidder places a bid in the last 10 minutes of closing of the Reverse Auction, then the auction's duration shall get extended automatically for another 10 minutes. Please note that the auto-extension will take place only if a bid comes in those last 10 minutes and if that bid gets acknowledged by the e-Procurement System. If the bid is not acknowledged, the auto-extension will not take place even if that bid might have come in the last 10 minutes. In case, there is no bid in the last 10 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, vendors are being advised not to wait until the last minute or last few seconds to enter their bid during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.

21.8.4.7 Extension of the respective auction will be done on line item basis where multiple items are involved and evaluation criterion is on line item basis.

21.8.5 Masking of Names

21.8.5.1 Names of bidders/vendors shall not be disclosed during the eRA process.

21.8.5.2 Names of bidders/vendors shall be anonymously masked in the eRA process and they will be given suitable alias names by system.

21.8.5.3 System protects bid and bidder information until auction gets over and displays current L1 price to all the bidders during eRA process.

21.8.5.4 System provides bidder details along with bid documents at the end of eRA process.

21.8.5.5 The log details of the entire eRA process will be generated by the system once the process of eRA is completed.

21.8.6 Start Price

21.8.6.1 The lowest bidder is evaluated considering the landed cost inclusive of all taxes, FOR buyer place delivery etc.

21.8.6.2 L1 evaluated price of initial e-Tender is considered as start price for eRA. The eRA however would not reveal the name of such bidder. Prices offered by respective bidder during normal e-tender will not be revealed to the other bidder/s. Bidder/s can bid only lower than the start price/ or current L1 offer in e-Reverse Auctions.

21.8.7 Decremental Bid Value

21.8.7.1 The vendors shall be able to bid only at a specified decrement value and not at any other fractions generally. The Bid decrement value will be 0.5% of the start bid price. The reduction shall have to be made as per decrement value or in multiple thereof.

21.8.7.2 In order to have ease of submission of eRA bid by the bidders, it is suggested that decrement value may be rounded off to the nearest value as under:

a) For decrement values up to Rs. 10/-, rounding off may be made to nearest rupee.

b) For decrement values from Rs. 11/- to Rs. 100/-, rounding off may be made to nearest 10.

c) For decrement values from Rs. 101/- to Rs. 1,000/-, rounding off may be made to nearest 100.

d) For decrement values from Rs. 1,001/- and above, rounding off may be made to nearest 1000.

21.8.7.3 For the sake of convenience of vendors, the web portal shall display the next possible decremental value of bid. It is not, however, obligatory on the part of vendors to bid at the next immediate lower level only. It may be 2 or 3 times of the decremental value or more.

21.8.7.4 Only the chronologically last bid submitted by the bidder till the end of the auction shall be considered as the valid price bid of that bidder. Any bid submitted earlier by the bidder prior to submission of his last bid will not be considered as the valid price bid.

21.8.8 Divisions have to enclose “GUIDELINES TO BIDDERS FOR e-REVERSE AUCTION” with each initial e-tender which mentions eRA option in NIT. (**Annexure – 32**)

21.8.9 Generally, eRA should be conducted at least 30 days before expiry of initial validity of bids. This would allow sufficient time for seeking order approval for post eRA.

21.8.10 Purchase Preference for MSEs

21.8.10.1 If any of the short listed bidders are eligible for such purchase preferences in terms of policy, such bidders would get opportunity to match the L-1 prices concluded after eRA, if their final prices in eRA fall within the permitted percentage as per the Government policies notified time to time. In such a case the extent of Qty to be reserved for them will remains in-line with RFQ stipulation.

21.8.10.2 The RFQ need to clearly stipulate the MSE policy and quantity reserving to them. Before start of the Auction, the quantity proposed for auction would have to be mentioned. Post completion of Auction, if the lowest bidder is MSE, even the balance quantity will be offered to him.

21.8.10.3 Post completion of Auction, if the successful bidder of Auction is not an MSE, then the reserved qty for MSE, will be offered off-line to MSEs to match with L1, if offer(s) received from MSE against the said tender. In case amongst the bidders, more than one MSE exist, then the opportunity would be given in sequence to the bidder who had offered lowest prices as part of Auction. In case no MSE bidder matches with L1, or no offer received from MSE, the reserved qty will also be considered for ordering on the successful eRA bidder.

21.8.11 Evaluation of L1 Price

Limited tender where participants from India only: FOR destination price inclusive of all taxes applicable, Freight, Insurance etc. as per RFQ terms & conditions. Subsequently during eRA, all the bidders will be offering the FOR destination prices. The successful bidder post completion of bidding,

to provide the breakup of the prices in to line wise, unit price wise inclusive of insurance, freight taxes etc to match with the finalized price, as the case may be. This will be obtained through offline correspondence.

21.8.12 Check list for compliance of mandatory HAL commercial terms for vendors such as Bid validity, Payment terms, Earnest money Deposits (if called for), Delivery Terms (FOR), Delivery lead time, Performance Bank Guarantee, Liquidated Damages/ Penalty, Security Deposit, Warranty terms etc. need to be clearly indicated in the tender and this should be part of Technical bid zone. And taking compliance from the vendor as part of initial bid or through correspondence need to be completed and is mandatory for considering the vendor as qualified for inclusion in the auction. Hence, before the commencement of Auction as before seeking approval of Divisional head for taking up eRA this process need to be completed.

No loading factor should be mentioned in the RFQ.

21.8.13 If the lowest price received during eRA is unreasonable or it is unacceptable on ground of being too high when compared with estimated price, the management reserves the right to seek justification of the price from lowest bidder or call for conventional price negotiation. If the price is not considered reasonable, management may not accept such bid and can go for another tender process.

21.8.14 Auto bidding feature will be available to the Bidders. The auto bid feature allows Bidders to place an automated bid against other Bidders in an auction and bid without having to enter a new amount each time a competing Bidder submits a new offer. The bid amount that a Bidder enters is the minimum that the Bidder is willing to offer. Here the software bids on behalf of the bidder. Bidder should opt for “Auto bidding” option before start of eRA. For activating this mode, the Bidder will have option to opt for “Auto bidding” within 24 hrs. prior to the scheduled auction time.

Chapter - 22

PROCUREMENT FROM RUSSIAN SOURCES

22.1 Introduction

The various aspects of Purchase procedure has been elaborated in the preceding chapters. However in case of procurements with respect to Russian origin materials there are several peculiarities due to the stringent controls at Russia by their Government Agency which leads to single offer situations, delays in getting offers, subsequent delays in receipt of materials. The number of vendors registered at HAL for procurement from Russian sources is very few and all of them are relevant for all categories of requirements. Keeping in view these constraints a separate chapter covering the aspects of procurements from Russian sources which is to be followed by the Divisions.

22.2 Provisioning

The timely provisioning of materials and to raise demands in appropriate proforma (Indents/MPR/PR's) considering production programme, bill of materials, available stock, dues in, production allowances, contingency, shelf life, procurement lead time based on stage of build/ structural breakdown and other factors like indigenization plan etc. is to be made by Material Control dept. In view of the lead time involved the following methodology will be adopted.

22.3 Planning of Indents

22.3.1 The divisions should issue Annual Indents keeping in view minimum lead time of 36 months covering all the production/task of the Division.

22.3.2 In case the firm/ forecast Task/ contract is available with the divisions, same should be considered. The requirement to be worked out for five years period after reducing the stock and dues in i.e. the Division should send annual indent considering current year requirement plus next four years firm tasks/ forecast tasks minus the dues in (orders in pipeline).

22.3.3 In case of non-availability of firm/ forecast task/ contract the Indent quantity is to be worked out based on the likely arising for repair/ overhaul as per the annual loadings of the repair units/ aircraft/ engines etc. with justification. This should be considered as Normal Course of Procurement for requirement up to 60 months as indicated at **para 5.6**.

22.3.4 LTBA/ LTRA/ Price Catalogue should be entered for requirement of items for major projects likely to continue for a longer period. Provisioning to be done based on provisions of DoP and subsequent revisions/clarifications to DoP.

22.3.5 In case of raw materials while arriving at the required quantity the requirement of packing norms, MoQ, should be considered specially if the requirement is for longer duration and there is all possibility of liquidation of Inventory.

22.3.6 In case of Consumables while arriving at the required quantity the requirement of packing norms, MoQ, Shelf life of items involved should be considered. Life expired items currently in stock should not be taken into account for planning indents.

22.4 Estimation

22.4.1 The estimated cost is to be arrived based on latest procurement price of licensor M/s Rosoboronexport or FSMTC authorised source wherever available duly escalated to Year of Delivery (YOD) using escalation % as per mutually agreed Protocol/ prevailing MoD escalation protocol for spares etc. other than licence articles. This methodolgy should be applicable for all items such as Raw Materials, LRUs, Consumables, GHE/GSE etc i.e. for items other than spares also.

22.4.2 In case of non-availability of past procurement price from Rosoboronexport the past procurement prices from other vendors should be considered with escalation to the Year of Delivery (YOD) using escalation % as per prevailing MoD escalation protocol for spares etc. other than License articles.

22.4.3 Wherever the past procurement prices are not available, the estimates should be made by a technical committee based on the past procurement prices of similar components applying suitable %/ factors towards obsolescence, old reference prices, difference in project, variation in technical specifications, complexity of item etc.

22.5 Approval of Annual Indents

The annual indents would be approved by the Competent Provisioning Authority (CPA) with the concurrence of appropriate Finance in line with prevailing DOP. The Indents after approval of CPA should be sent to the vendors category wise, source wise in line with Government/ HAL Guidelines.

22.6 Placement of Indents on Vendors

22.6.1 The Indent will be sent to vendors through Fax, e-mail, RM (Moscow), by International Courier. The Indent will contain Indent No. and Sl. No. of Items, Specifications/ Part Code and Quantity required. Any particular terms and conditions which needs to be considered for evaluation of bids. The Indent need not include the General Terms and Conditions of regular tendering.

22.6.2 The Terms and Conditions would be as per the General Contract signed with the vendors and where there is no such General Contract the terms and conditions would be finalized before signing of the contracts/ supplement agreements with the Vendors otherwise it should be treated as standalone contract with no subsequent reference and same should be clearly mentioned in the Indent/ Contract.

22.7 Tendering

22.7.1 Indent to Licensor

This is the most common and widely used mode of tendering/ procurement for Russian origin items. For the licensed items (technical kits and DRE) which are specifically covered under the General Contracts with the Licensor, the indents to be sent only to the Licensor. For other project items/ repair requirements which are not covered under license, the Divisions may send to Licensor/ OEM of that item or FSMTC authorised after sales agency like JSC NASC/JSC UEC/JSC UAC etc. Procurement from such FSMTC authorised after sales agency are also to be under 'Licensor' in DOP. However, the licensor shall remain responsible for the after sales service. For critical items like Bearings, etc., indent should be sent to Licensor only.

22.7.2 Limited Tendering

22.7.2.1 Limited Tendering (where only one approved source as per FSMTC is available)

If the Division finds it beneficial to send indents by limited tendering mode, the Divisions may send the particular indent to all sources registered for the particular category of items. In case any source is not registered, the Divisions can send the Indent and take up the process of vendor registration simultaneously and complete the process before placement of order. The issue of Limited tender enquiry to minimum five vendors is not mandatory in case of Russian vendors due to inadequate availability of sources. Where the number of available sources of supply is less than five, the number of vendors to be addressed may be reduced with the approval of the Head of the Division.

22.7.2.2 Limited Tendering (where more than one approved source as per FSMTC is available)

In case more than one vendor is registered, the Divisions can forward Indent to relevant multiple FSMTC approved vendors in a staggered manner. However, the tender opening dates to be kept same.

22.7.3 Indent to OEM or Holding Company other than Licensor:

a) In case of procurement of Spares and repair/overhaul requirement, wherever the OEM is known to HAL & the OEM is registered with FSMTC (in case of Russian origin items) or is Ex-CIS Govt. approved source as well as these OEM's are registered, the Divisions should send Indent on proprietary basis to OEM only instead of sending Indent to Licensor. The proposals to be processed for approval under DoP along with the proprietary certificate.

b) In case the OEM is not registered with FSMTC and is not having Export Licence, the Holding Company of such OEM who has the Export Licence and registered with FSMTC should be considered as proprietary agency for sending indents for the items for which they have got export license from FSMTC. The proposals to be processed for approval under DoP along with the proprietary certificate.

22.8 CFA for Proposals

22.8.1 The L-1 offer vendor-wise should also include single acceptable items of that vendor. Since, Re-tendering in such cases will not yield any result and change in specification is also not applicable.

22.8.2 The proposal to be processed for the number of items for which offer is received even if offers are not received for all the items in the Indent. The CFA will be based on the DSA value.

22.8.3 For balance items, if requirement still exists, FSMTC nominated source should be contacted to obtain the offer and proposal to be processed separately.

22.9 Receipt of Offers/ Tender Opening

22.9.1 Offers received in open condition through FAX/ not through dedicated fax/ e-mail id/ handed over during IRSA meetings/ sent through diplomatic bag by RM (Moscow), may be considered as valid offers (till e-procurement is adopted).

22.9.2 In case of Indent to Licensor, if offers are received in staggered manner. Same to be processed without waiting for offers for entire Indented items.

22.9.3 This will not be treated as splitting of proposal. CFA based on each offer/proposal.

22.9.4 As far as possible such offers received in opened condition, at different point of time against Limited tendering should be sealed by IMM Head or Project Group (as the case may be i.e. who initiated the RFQ) before dropping in tender box or handing over to Tender-Cell.

22.10 Negotiations and Conclusion of Contracts after Negotiations

22.10.1 The DSA's negotiated in IRSA meetings against different Indents should be processed separately (CFA as per each DSA) and this will not be treated as splitting.

22.11 Preparation of Comparative Statements

22.12 Offer of MOQ for Raw Materials/ Consumables

22.12.1 In case of procurement of Raw Materials/ Consumables against limited tender, different MOQs are offered by different vendors. In such cases, the L-1 vendor is to be decided based on unit price only provided the Division is able to justify the higher MOQ quantity (the Divisions may include other Division requirement to justify MOQ) and items having shelf life. This is applicable to cases where the agreed unit price becomes the base price for future procurements.

22.12.2 Wherever, higher MOQ is not justifiable, the L-1 may be decided on cost to company basis i.e. after multiplying the MOQ offered with the rate.

22.12.3 In case of Limited tendering, if the vendors specifies the minimum order value in their offers for placement of order on them and if the vendor becomes L1 for some items individually and the value of the total order to that vendor is far less than the minimum order value specified in their offer and it is also not justified to increase the MOQ in line with minimum stipulated order value by the vendor, the offer of this vendor to be treated as technically rejected. In Russian procurement system re-tendering leads to extreme delay and increase in annual escalation.

22.13 Vendor Registration

22.13.1 Vendors already in the approved list of FSMTC (Federal Service for Military & Technical Co-Operation) to be considered for registration directly based on the export licence and ability to supply the items.

22.13.2 Registration to be made by Divisions based on the Export Licence, other organizations to which the vendor is supplying the items, details of their financial status. However certain vendors are not able to furnish their turnover certificate/ Balance sheet etc. which is not feasible in such cases registration could be considered based on the assessment made by RM (Moscow)/ Representative of HAL after visiting the vendor's premises.

Also, Division can register Indian firms acting as authorised Distributor/Dealer of Russian/Ukrainian OEMs/ OEMs of Former CIS Block Countries/ Designated Export Agencies and consider these firms for doing direct future business transactions with HAL (i.e. receiving/quoting indents & receiving Orders) on the behalf of their Russian/Ukrainian OEMs/ Designated Export Agency/ Former CIS Block Countries OEMs. Indian vendors should have necessary approvals from Russian/Ukrainian OEMs. OEMs of Former CIS Block Countries, Designated Export Agency should have approval of respective Govt. Authorities & Export License etc. and also confirm to provide all requisite quality documents with the supplies. Tender enquiries can be sent to the registered Indian Firms along with Russian vendors/ Former CIS Block OEMs/ Designated Export Agency against Limited Tendering.

22.13.3 A directory of all vendors registered should be maintained by the Division. Corporate Office approval will not be required for registration of vendors.

22.14 Payment to Vendors

22.14.1 Payment should be processed as per the terms indicated in SA/ Contract/ General contract. The payment modalities should be in line with Govt. guidelines issued from time to time.

22.14.2 Advance payment with or without Bank Guarantee is to be made after obtaining approval from the Competent Authority as per Policy on Advance Payment issued by CO from time to time.

22.14.3 LC Payment

22.14.4 Stage payments.

22.14.5 In all cases, the bank charges incurred at respective country to be borne by Vendor/HAL.

22.15 Other Standard Terms and Conditions

The following clauses if appearing in the existing General Contract with the Russian vendors then to be insisted upon and in case of new General Contracts same should be insisted upon. However, in case of General Contracts signed earlier, the subsequent supplementary agreements to be signed without insisting on these clauses.

- Liquidated damages
- Integrity Pact
- Fall Clause
- Option Clause

Chapter - 23

PROCUREMENT THROUGH GOVERNMENT e-MARKET PLACE (GeM)

23.1 Introduction to GeM Portal

Government e-Market place (GeM) is a National Public Procurement Portal launched to facilitate end-to-end online procurement of common use Goods & Services required by Central and State Government Departments/Organizations/PSUs in a transparent and efficient manner.

The purchases through GeM by Government users have been authorized and made mandatory by Ministry of Finance by adding a new Rule No. 149 in the General Financial Rules (GFR), 2017 for Goods or Services available on GeM portal. GeM facilitates seamless process flow and standardized specifications. In continuation Administrative Ministry also insisting for taking up procurement through GeM Portal.

The GeM Portal is an evolving Portal coming up with several changes many of them are introduced to address the concerns raised by the Buyers and also many concerns raised by the Bidders/Vendors. The Portal also introducing several features, Products, Services etc., primarily aiming at enhancement of GeM Portal Procurement.

Divisions to take up GeM procurement to cater for meeting Goods and Services requirements through GeM Portal as indicated in the following Paras.

23.2 Registration

23.2.1 Registration of HAL Personnel

The individual Person should register in GeM Portal as Primary user, Secondary user, Buyer, Consignee, PAO, Technical Evaluator, etc. For each of these users, their designated roles to be performed in GeM Portal are defined. The Primary user has information of all persons registered under them while the other could view the data pertaining to their own transactions.

a) **Primary users**: Primary users shall be the Head of the Department. The primary users shall not have any direct role in buying process, instead they can create edit and deactivate roles of secondary users who are the subordinate officers to primary users and have direct role in the buying process. Primary users can access various consolidated reports on value of procurement, incidents open, Provisional Receipt Certificate (PRC)/ Consignee Receipt & Acceptance Certificate (CRAC)/ Payment Pending etc. pertaining to all the Secondary Users registered under them. In divisions where only one officer is available in IMM, in such cases, some senior officers of the division should be identified as Primary user.

b) **Secondary users**: The primary user shall create secondary users with specific role of Buyer, Consignee, Buyer cum Consignee and Paying Authority (PAO). The subordinate officer registered as secondary user shall have direct role based participation in GeM buying process. Even the features of indenter, technical evaluators, etc. identified by GeM would also coming under secondary user category with defined roles.

23.2.2 Onboarding of Existing HAL registered Vendors on GeM Portal

Participation in bidding process requires the Bidders/Vendors to be registered on GeM Portal. Towards this, already registered domestic vendors of HAL shall be actively pursued again to come onboard in the GeM platform to register themselves and participate in the GeM bidding process.

23.3 Types of Tenders/Procurement in GeM Portal

a) **Direct Purchase**

Up to Rs. 50,000/- through any of the available vendors on the GeM, meeting the requisite quality, specification and delivery period.

Note: In the case of automobiles, direct procurement under this sub-para is permitted without any ceiling limit.

b) **Direct Purchase with L1**

Above Rs. 50,000/- and up to Rs. 10,00,000/- through the GeM Bidder/Vendor having lowest price amongst the available Bidder/Vendors, of at least three different manufacturers on GeM meeting the requisite quality, specification and delivery period. In this Purchase mode, Buyer needs to compare three sellers, who meet the requisite quality, quantity, consignee location and specifications demand. System (GeM portal) will then recommend an L1 product matching these requirements. Based on the provisioning approval, Buyer i.e. concerned dealing officer can select system recommended L1 to place a direct purchase order of up to approved provisioning value. Such order shall be ratified with the approval of CFA as per prevailing DOP for L1 offer against limited tendering.

c) **e-Bidding**

Above Rs. 10,00,000/- through the technically qualified vendor having lowest price (L-1 offer) after obtaining bids on GeM.

d) **e-Bidding and Reverse Auction**

Above Rs. 10,00,000/- through the technically qualified vendor having lowest price (L-1 offer) after obtaining bids and conducting reverse auction on GeM.

HAL may avail the option of reverse auction feature available on GeM as per guidelines stipulated by GeM.

e) **Proprietary Article Certificate (PAC) Buying**

The GeM platform allows buyers to procure on a proprietary basis by using the PAC filter provided on the GeM platform, which allows the selection of a specific model/ make from a particular Bidder/Vendor that is available on the platform.

Prior to making procurement under PAC buying on GeM, the following points have to be ensured/ complied:

i) All the guidelines of Proprietary Tender as per **para 6.9** of Purchase Manual to be ensured

ii) Proprietary Certificate (**Annexure – 16**) should be duly approved by the Competent Provisioning Authority.

f) **Custom bid**

Buyers can define Custom Catalogue based Bid based on their needs even when product and service category does not exist on GeM. The Bidders/Vendors would participate in the bid based on the requirements defined by the Buyer. However enough care to be taken to resort to custom bid module only for such category for which there is no existing category of goods/ services meeting HAL requirements.

g) **BOQ Based Bidding**

Buyers can utilize this bid when number of lines are more in the indent. The Bidders/Vendors would participate in the bid based on the requirements defined by the Buyer. BOQ based bid is

applicable for values more than Rs. 5 lakhs. BOQ bidding could cover both existing category in GeM portal and item without any category defined in GeM portal.

Note: 1) The above types of procurement and valuation indicated against each are as represented at current point of time, however the same is expected to vary from time to time. The concerned buying group need to examine the type of items to be procured and accordingly adopt the method of procurement.

2) It may be noted that GeM department encourages to use standard catalog wherever available along with buyer specific ATC if buyer intends to have additional specifications over and above the catalog specifications. Custom Bid and BoQ bids for standard catalog available to be discouraged and the Indenting department and Purchase department to ensure compliance to this based on guidelines issued by GeM from time to time.

3) Purchase Requisitions shall not be split into smaller quantities or multiple line items to avoid procurement through e-Bidding or e-bidding/RA or approval of higher CFA.

23.4 Tendering (Bid Creation) Procedure in GeM Portal

Prior to initiating the purchase requisition, the Indenting Dept. shall search judiciously and shortlist the required product or service matching the technical requirements. The matching product or service on GeM portal identified with product / service ID has to be clearly indicated in the Purchase Requisition. Efforts to be made to avail ATC facility to include additional specifications to the existing category without resorting to custom bid module. In case there is no matching product/ category for the required product or service in GeM portal, the requirement may be processed on Custom Bid Module/ BOQ Based Bidding (as applicable).

The bid should be created by buyer as per methodology available on GeM portal and as per applicable guidelines i.e., the specifications, consignee, “Details Tab”, EMD/PBG, Splitting Requirement, Price Preference, Enabling of RA, Terms and Conditions etc. must be selected appropriately based on nature of procurement.

23.4.1 Open tenders issued on GeM portal need not be hosted on HAL Website and CPPP.

23.5 Tender Opening, Evaluation and Purchase Order

All the tenders on GeM portal are generally published as Open Tender and under Two bid System. The bid opening information is available to the concerned Secondary Buyer. Bids can be opened by the Secondary Buyer. Post opening of bids the offers shall be technically evaluated and based on Technical Evaluation Statement and Recommendation, the price bids will be opened and reverse auction etc. will be followed in case covered in the initial bidding for identifying the L1 bidder for processing the proposal/ GeM contract/ PO in line with DoP provisions. Technical evaluation of bid received against the tender issued to Single source (i.e. Proprietary, Single tender, etc.) on GeM Portal can be carried out by Indenting department and approved by Group Head.

23.6 Post PO Activities and Payment

The consignee also performs the role of acceptance of item. The same is expected to be done by the designated Consignee in GeM based on formal acceptance of item by the concerned in the Inspection wing of HAL. PRC and CRAC to be completed by Consignee in time bound manner. Always the concerned secondary user need to ensure updation of PRC/CRAC details in time else the system may resort to auto PRC/ CRAC and many a times it is expected to go out of control specially in case of automated payment system.

Payments on GeM portal are currently off-line and hence after payment to vendor against IFS PO/ RR Finalization, the same needs to be updated on GeM portal. Post CRAC Bill Creation on GeM portal to be done by purchase dealing officer/ buyer role and then the draft bill to be submitted to PAO for

payment updation. PAO (Payment Authorizing Officer) designated finance person updates the amount payable in the system with relevant deduction/ transaction reference etc.

23.7 GeM-Features

GeM portal is a dynamic system, which has extensive features with varying functionalities.

The type of items valuation limit etc., if applicable, are all clearly defined in the GeM portal. The procurement process in GeM Portal is as per the defined laid down procedure of GeM.

Some of the features in the GeM Portal are in variance with Purchase Manual guidelines as of now. Further these features are being changed/enhanced & new features being introduced in the Portal by GeM authorities from time to time. The features as covered in the GeM at present point of time is covered in a nutshell are as indicated below:

a) Not mandatory (Optional) to indicate estimated value of procurement in tender.

b) Tender submission time: The GeM portal for standard catalog items and items which are critical and having standard catalog allows the tendering time from minimum 2 days with approval from competent authority on criticality of items. However, for Custom Bid Module it allows from 10 days to 45 days. These tender submission time are in variance with Purchase Manual stipulation.

c) The tenders opening information is available to the concerned Secondary user-Buyer. There is no necessity of two persons authorizing for opening of the bids.

d) The portal has a feature of seeking clarification from vendor against their Quotation.

e) The portal has a feature for vendor to contest technical rejection of the bid, up to slated 48 hours etc. In case any vendor has contested the same, such challenge/representation to be closed with approval from Divisional Head before taking up of such commercial bid opening. Details of such representation/s shall be brought in the Purchase proposal.

f) The indication of L1 bidder / and the CST is taken care by the GeM. Initially only value of L1 is shown without name. Only on indicating for further process of such offered Prices, the Portal would disclose the details of L1, L2, L3 etc., along with associated names.

g) The GeM has introduced a module for negotiation with L1 bidder, where only on case to case after uploading Competent Authority approval, Negotiation window gets activated. Post negotiation with vendor, which is off line, the bidder, has a window to update price either lower or retain the original price. Again this module can be availed to carry on with next round of Negotiation. Such iterations are limited to 5 times as specified in the module

h) As a process of issuing tender, accepting offer or placing order etc., many a times in GeM Portal it calls for uploading copies of approvals for the same. In those cases, the current approval methodology as defined in HAL regular ordering method need to be considered for seeking approval and then uploading such approvals in the GeM Portal.

i) GeM is a dynamic portal with new functionalities being incorporated based on request from user organizations. One such feature is role of technical Evaluator where in now secondary user can be assigned role of technical evaluator with member secretary. The buyer before opening of technical bid must select self-evaluation or evaluation to technical evaluator and proceed further. As and when the know-how of the system matures this functionality can be utilized wherein the quotes obtained will be available in login of technical evaluator for processing and then can be transferred to buyer for further opening of price bid etc.

j) The placement of the GeM contract must happen within lifecycle validity and after expiry the system will not allow to generate the contract. Life cycle validity is 90 days standard including bidding time within which GeM contract to be finalized with due approval from CFA. However, in

extreme case the life cycle validity can be extended beyond 270 days also with appropriate approval from competent authority/GeM department.

k) The consignee also performs the role of acceptance of item. The same is expected to be done by the designated Consignee in GeM based on formal acceptance of item by the concerned in the Inspection wing of HAL.

l) PAO (Payment Authorizing Officer) designated finance person clears the amount payable in the system, based on which only vendor payment is payable in the Portal information.

m) The vendor rating in Purchase Manual is only for Bidders/Vendors. However, in GeM the rating system is for both Buyer and Bidder/Vendor and depends on delivery time, payment processing, order processing, etc. Hence HAL being a buyer, the Portal keeps monitoring HAL action and delays in acceptance and Payments repetitively the buyer will be flagged as Orange or Red, visible to the Bidder/Vendor at the time of bidding. This may have impact on pricing as well number of responses/Bids to be received against HAL tender.

n) In order to give impetus to MSE and MII procurement, the filter option is provided in GeM while exploration of market to place the PO on direct order up to Rs. 25000/ L1 purchase up to Rs. 5 Lakhs. Additionally, in tender stage the procurement can be reserved to MSE and MII and Buyer must select the appropriate option as applicable.

o) GeM Portal has several additional optional facilities such as Third Party Inspections etc., which are generally not covered in Purchase Manual. In general such feature need not be adopted by us while creating the tender. However, in selected cases even such optional terms may be considered for issuance after obtaining with detailed justification specific case to case approval from the Divisional Heads indicating the need for the same.

p) In case of additional parameters/specifications for existing category items, few of the specifications (up to a slated limit) can be added/modified by using the available features.

q) In addition, there exists an RMS-Module, through which also we can take up for inclusion of new items in GeM Portal.

r) GeM Portal has Incident Management module which can be utilized by the buyer to notify any failure by vendors. Based on such information either vendor will be notified for improving by GeM authority or such vendor will not be allowed for participating in the bidding for slated time period. This feature is like debarring or removing etc., in HAL current method/Purchase Manual.

s) Raising complaints in incident management system is a must to ensure GeM Portal takes note of the same and take necessary action. Buyer need to be aware of availability of such feature and use appropriately.

t) List of Suspended Bidders/Vendors / Buyers are available on home page of GeM.

u) Primary and Secondary users can fetch reports of outstanding PRC / CRAC / Payment Pending etc. pertaining to themselves.

v) Pre Bid Interaction if required for complex tenders can be enabled and in such instance the details of venue and concerned purchase dealing officer to be provided. Indenting department to stipulate whether mandatory pre bid participation should be the criteria for accepting the tenders with attendance certificate.

w) Tender to be enabled for reverse Auction can be selected on GeM portal. It is recommended that all tenders are enabled for reverse auction as it means savings to the company. However, for recorded reasons if the tender to reverse auction is not to be enabled the same need to be apprised to competent authority while seeking approval for resorting to tender.

x) GeM portal has provision for enabling Bidder/Vendor to upload the additional financial information along with price bid. Such financial information can be accessed by the Buyer after opening of the price bid and this financial information will have no bearing on commercial evaluation. In case any financial information is required which can be opened only during opening of price bid, then buyer can select such option while creating tender. This will be utilized for getting pricing on spares / consumables / CAMC cost etc. with applicable annual escalation for which HAL will reserve the right to order at a later stage.

y) Evaluation of the tender line-wise or package-wise or schedule-wise can be defined based on Buyer's requirement and also to be specifically apprised while seeking approval from Competent Authority for issuance of tenders.

z) The portal has representation window through which any Vendor/Bidder can seek clarification on the tender within due date and in such case the representation has to be answered by the Buyer with approval from Divisional Head at the earliest and generally ensure that minimum 7 days are available after answering the query for tender due date. Details of such representation/s shall be brought in the Purchase proposal.

aa) GeM portal has functionality to foresee count of responses to any tender within due date and in case no response or response less than two OEMs/ three resellers is available then the portal will prompt to extend the due date to have more competitive responses. In such cases appropriate extension to tender due date can be considered as per the laid down guidelines after obtaining approval from divisional head.

bb) Multiple items in one GeM tender can be ordered on line-wise evaluation wherein if different vendors are L1 then demands are to be generated and multiple demands on same vendor in same GeM tender can be merged to create one GeM contract vendor wise.

cc) Depending on terms of GeM tender in respect of promotion of policy of MII / MSME, the commercial price bid opening will prompt to initiate price matching criteria as stipulated in policy / tender, which must be completed before initiating proposal for CFA approval.

dd) GeM has feature for seeking prices with installation / commissioning in which the ICT functionality must be enabled in the tender document. In this case the % payment on supply and balance upon installation / commissioning, the % allocation towards installation as part of supply cost etc must be defined by buyer in tender document. This functionality must be appropriately selected by taking competent authority approval.

ee) If the price match option preference for MSE / MII is selected in tender document, it gets activated after opening of price bid. In such options the buyer needs to select the vendor, allocation of qty etc., have to be done as per the prescribed guidelines / tender document terms etc.

ff) Seek offer validity extension during the ongoing technical evaluation and also after opening of price bid is now made live and functional.

gg) The prices in RA / forward bidding after selecting the ITC / RCM option will be different. However in "details tab" against the price of each bidder the detailed pricing with GST break up etc, will be visible which can be attached along with proposal for more clarity on the offered pricing through GeM portal and also to identify the difference between forward bidding and reverse auction prices.

23.8 Terms & Conditions

GeM has predefined library for Terms and Conditions and buyer can select the relevant clauses as applicable to the tender. The participation by the Bidder/Vendor in GeM bidding shall be construed as having their acceptance for all the Terms and Conditions as outlined in the tender document including General Terms and Conditions (GTC), Special Terms and Conditions (STC) and Additional Terms and Conditions (ATC). However, the buyer shall have the right to decide the technical and commercial

acceptability of the individual bids based on eligibility criteria and compliances as stipulated in the tender document. Buyer Specific ATC over and above GeM GTC can be defined by buyer for terms not available in GeM GTC.

a) **General Terms & Conditions (GTC)**: The GTC of the tender are pre fixed by GeM. It is generally getting updated regularly. By issuing a tender buyer automatically attaches this GTC as part of tender and by bidding against the tender the Vendor/Bidder automatically complies to the tender, without complying to each and every one of the same. The concerned Buyer before hosting tender need to go through GTC, if felt inadequate to cover additional aspects through tender specific ATC.

b) **Special Terms & Conditions (STC)**: Further, GeM Portal has product specific STC and service specific SLA (Service Level Agreement). These will get automatically attached to bid when tendered. The Buyer need to be aware of the same. If it is felt necessary to add any additional Terms & Conditions same need to be approached through ATC feature.

c) **Addition Terms & Conditions Library (ATC Library)**: GeM based on repeated request from various GeM users, have created an ATC Library which has been after verification/authentication included in the Portal. However these gets attached as specific condition as and when selected for inclusion in the tender. However no approval is required from GeM department unlike in other tender specific ATC.

d) **Tender Specific ATC**: The buyer can propose ATC (Additional Terms & Conditions) beyond the GTC and ATC Library post issuance of tender.

e) The EMD, Performance Security (in lieu of SD & PBG as per HAL Purchase Manual), their applicability, value limitation etc., are in variance with HAL manual. Further the concerned Buyer may make it applicable or otherwise with approvals. Further method of submission of such documents are different from HAL current guidelines.

   Applicability of EMD/e-PBG to be selected on GeM as per extant of guidelines in Purchase Manual and HAL circulars. However, EMD, receipt of EMD instrument and e-PBG will be in line to the procedure defined in GeM GTC and such guidelines will prevail over provisions of HAL Purchase Manuals with respect to GeM procurements.

f) In GeM procurement, wherever PBG is required, PBG format available on GeM will be applicable.

g) **Integrity Pact (IP)**: In GeM procurement either in GTC or in ATC library, IP requirement is not covered. Hence while issuing the tender in GeM Portal where estimated value of procurement is Rs. 5 Crs. and above (or as per the prevailing threshold value), requirement of signing an IP mandatorily by all the Bidders and uploading the signed IP as part of offer from Bidder/Vendor need to be covered through ATC. Besides, the bidder should also send the original signed IP by post/ courier to the designated address of the Buyer (Buyer should mention such address as part of ATC seeking IP compliance). All other aspects pertaining to IP related aspects including non-submission of IP, Periodical submission of reports etc., are to be dealt in line with IP related guidelines issued by CO from time to time.

h) **Delivery**: Staggered delivery option is available only for 180 days. However, in extreme cases staggered delivery with spread up to 365 days can be incorporated in bidding stage with approval from competent authority. However, in case of Service contracts much longer duration also allowed.

   The delivery schedule indicated in the tender document must be reasonable and realistic and this schedule must be binding upon the participating bidder. Separate delivery schedule indicated by bidder in the tender document overshadowing the bid delivery schedule must normally not be accepted.

The delivery period shall be same as indicated in the GeM tender document unless the Bidder/Vendor indicates different delivery period and the same is acceptable by the Indenting dept. If Bidder/Vendor indicates different delivery period than what has been stipulated in GeM tender document then buyer must take up with Bidder/Vendor to withdraw such counter condition prior to technical qualification and opening of price bid. In case of non-acceptance such deviation w.r.t deviation of GeM terms must be brought to CFA notice as per purchase manual **para 8.17.3**.

i) **Delivery Terms**: All the Goods or Services in the GeM shall be offered on Free Delivery basis at site including loading/unloading. In respect of items requiring installation, commissioning and other services in the scope of supply (as indicated in respective product category specification/ STC/ ATC), the cost of the same shall also be included in the offer price.

The consignee also performs the role of acceptance of item. The same is expected to be done by the designated Consignee in GeM based on formal acceptance of item by the concerned in the Inspection wing of HAL. PRC and CRAC to be completed by Consignee in time bound manner failing which auto PRC and CRAC will be activated.

Payments on GeM portal are currently off-line and hence after payment to vendor against IFS PO/ RR Finalization, the same needs to be updated on GeM portal. Post CRAC Bill Creation on GeM portal to be done by purchase dealing officer/ buyer role and then the draft bill to be submitted to Payment Authorizing Officer (PAO) for payment updation. PAO designated Finance person clears updates the amount payable in the system with relevant deduction / transaction reference etc.

j) **Liquidated Damages**: If the Bidder/Vendor fails to deliver any or all of the Goods/Services within the original/re-fixed Delivery period(s) specified in the Contract, the Buyer will be entitled to deduct/recover the Liquidated Damages for the delay, unless covered under Force Majeure conditions aforesaid @ 0.5% per week or part of the week of delayed period as pre-estimated damages not exceeding 10% of the contract value without any controversy/dispute of any sort whatsoever.

k) **Payment Terms**: The existing payment terms applicable for procurement of Goods and Services are also applicable for procurement through GeM portal. For specific cases, major procurements etc. where we intend to resort to Milestone payments, etc. can be clearly defined in the initial tender after obtaining specific approval from competent authority while seeking provisioning approval/ GeM tender approval.

23.9 Additional Guidelines

a) The above indicated features are as available in the GeM Portal and not exhaustive/complete, as understood and as stated in earlier Paras. GeM Portal is an evolving portal coming out with substantial changes to facilitate higher participation in tender, better price discovery. However all such changes are generally in line with existing GFR/DoE guideline etc.,

b) Accordingly the concerned buying groups and associated departments such as Indenter, Finance, Stores, Inspection, and User departments, all would adopt the feature of GeM for taking up those procurements. Many of these may not be in synchronization with the stipulations covered on those specific issues elsewhere in the Purchase Manual. In case of procurement through GeM Portal, prevailing GeM procedure shall be followed.

c) It is pertinent to note that, price discovery in GeM Portal will be based on the vendors registered in the portal and participated in the bidding. However, before accepting the L1 offer for considering for awarding the contract, the buyer need to ascertain reasonableness of the prices based on Last Purchase Price (LPP) or HAL's estimated Price etc., and consider for progressing further. Wherever it is felt necessary even the negotiation tool need to be availed. In case, even after all such efforts are not still finding reasonableness of prices, the case may have to be taken up for fresh round of tendering/bidding on the merit of the case.

d) The Buyer and all other associated departments need to be continuously going through the GeM Portal and enhance their usage of this Portal to become fully aware of its feature, developments and utilize these knowledge to aim at enhancing procurement through GeM, identification of new products, sources at more economical prices.

e) Parallely any information on introduction of new feature etc., if received either from GeM or Ministry. the same would be circulated to all Divisions for understanding and effective utilization of the same. Notwithstanding since such information may not be complete, in the interest of effective utilization of GeM Portal all the Primary and Secondary users/ User Dept. etc., need to be regularly working on GeM Portal to understand latest developments.

f) Divisions shall ensure that their officers concerned are familiar with the functionalities & features available in GeM portal. Officers concerned shall also periodically check the GeM portal for new features introduced, latest developments and enhance their usage of the portal to fully appreciate its features and tapping its full potential towards identification of new products, enhancing procurements through GeM, sourcing at competitive prices. Training modules aided by extensive resources are available in the GeM portal. Divisions are advised to make use of the same.

g) Many of the feature in GeM become more user friendly for display and information when the person logs in GeM Portal and perform the role instead of outside search without login. Hence, it is suggested that all the officers involved in procurement items need to register themselves as Secondary User, Buyer, Consignee, PAO etc., as appropriate and start using the Portal for effective utilization of the same.

h) All the Buyer groups and all Indenter/ User Dept. etc., need to aim at enhancing procurement through GeM Portal with an objective to enhance the competition, better price discovery and faster process of placement PO & Monitoring of Post Contract activities.

i) On GeM portal, for certain activities, approvals from competent authority with name and designation are to be uploaded. In such cases, Buyer i.e. concerned dealing officer may upload the document signed/certified by him/her. Wherever Competent authority is defined for a specific activity in Purchase Manual/DOP, reference of such approved note sheet may be mentioned in the document to be uploaded on GeM portal.

j) For obtaining reduction in price from the bidder, the concerned dealing officer may utilise the GeM facility. Such reduction in price through GeM portal does not tantamount to price negotiation.

k) Any issue raised due to technical glitch/es on GeM portal should be prima facie ascertained with GeM authorities and then to be deliberated by DPC, on the merit of the case and based on the recommendation of DPC and Divisional head approval, further course of action in this regard can be decided.

l) For GeM tenders, technical acceptance/ rejection of the bids can be done by the Indentor directly on the GeM portal as per technical evaluator feature available in GeM portal.

23.10 Clarifications/Grievances

For any clarifications/issues related to GeM procurement buyers can take up such issues with GeM Help Desk by generating the ticket. The maximum permissible time for resolving the issues would be 48 hours. In case after 48 hours, the issue is not resolved by Helpdesk user can escalate the issue to next level. GeM home page also has provided the details of functionaries for various aspects with their email ID, which can be approached in case of any clarification/grievance. Incident Management system can also be utilized for any issues on tender or GeM Contract, which is available in login ID of secondary user.

In addition to above, user are also requested to utilize Learning Management System (LMS) Login wherein GeM department has placed the tutorials in pdf and video format depicting the functionality, which may solve most of the clarifications / grievance encountered during processing of bid/Contract.

GeM department has appointed nodal business facilitator state wise, details of which is available on home page of GeM and these can be utilized for seeking clarifications if any which are not resolved through above processes.

Annexure - 1

Table A: Indenting Department/ Functional Head responsible for various procurement activities as given below:

Type of Procurement	Indenting Dept. Activities - Determination of need of Procurement - Scope of work/services - Vendor Selection - Mode of Tendering - Value of Procurement - Specification - Raising of MPR/ Provisioning - Tender Evaluation (Technical) - Acceptance of delivery schedule	Functional Head to coordinate for approval as per DoP	Processing Activities - Tendering - Correctness of the vendors and no. of vendors - Tender opening - Tender Evaluation (Commercial) - Retendering - Order Placement - Order amendment - Payment to Vendor	Remarks
Project Material	Material Planning based on Bill of Material certified by Production Engineering.	IMM	Purchase	
Shop consumables - Stock items Stationeries for consolidated requirement	- Stores based on review by User Dept. - For LO/CO by HR Dept.	IMM	Purchase	
Non stock items	Concerned department	Concerned function Head	Purchase	Common items of different departments to be consolidated.
Maintenance Spares	Maintenance	Function Head to whom maintenance reports if it is not an independent function under head of division	Purchase	
Tooling	Tooling dept.	Functional head to whom Tooling reports	Purchase	
Capital procurement	Facility Planning or any other authorized department	Planning	Purchase	

Type of Procurement	Indenting Dept. Activities	Functional Head to coordinate for approval as per DoP	Processing Activities	Remarks
IT infrastructure – computers and peripherals, Software, Printer Cartridges	IT Dept.	Functional Head to whom IT reports if it is not an independent function under Head of Division	Purchase	
Services Repair/ Overhaul of Aircraft/ Engine/ LRUs/ Rotables outside HAL	Material Planning based on requirement projected by Planning	IMM	Purchase	
Hiring of Transport Arrangement of Canteen facility/ catering services Engagement of agencies for recruitment of personnel	HR Department	Functional head of HR	Purchase	Operation and monitoring of the Contract by the Indenting Department
Engagement of consultants other than as defined in HR & Works Manual/Policy	Concerned User Department	Functional head of the concerned user department	Purchase	Operation and monitoring of the contract by the user department
Engagement / Empanelment of agencies for advertisement	CMC	CMC	Purchase	Centrally at Corporate Office
Maintenance of Transport	HR / Transport / Maintenance Department	Functional head to whom Transport activities/ department reports	Purchase	Operation and monitoring of the Contract by the Indenting Department
Repair/ AMC/ Calibration of Machinery/ Equipment/ GSE/ GHE/ Medical/ Office equipment/ Repair of Furniture Laundry	Maintenance or any other concerned/ authorized department	Function head to whom indenting department reports if it is not an independent function under head of division	Purchase through Contract	Operation and monitoring of the contract by the indenting department
Computer Repair/ AMC for Computer IT Implementation/ Support	IT Department	Functional head to whom IT reports if it is not an independent	Purchase through Contract	Operation and monitoring of the contract by the

Type of Procurement	Indenting Dept. Activities	Functional Head to coordinate for approval as per DoP	Processing Activities	Remarks
		function under head of division		indenting department
Printing Publication Binding and others	Concerned User Department	Functional head of the concerned user department	Purchase through contract	Operation and monitoring of the contract by the user department

Note: (i) The responsibility of Material Planning and Stores department are not limited to as mentioned above, but their responsibilities are defined in their respective manuals as well.

(ii) For procurement of Services, processing activities should be carried by the departments as mentioned above.

Table B: Role of Indenting/ Purchase/ HR/ Finance Department in Procurement Activity

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
1. MPR (Goods)	a) Justification of requirement Authenticity of the input provided in the MPR. b) Acceptability of the specifications/ technical terms & conditions and quality/ inspection requirement. c) Acceptability of delivery schedule. d) Acceptability of shelf life or life limitation of the product. e) Mode of tendering proposed is as per guidelines issued. f) In case of the proposal for single/ proprietary/ spot tender and single tender on nomination, justifiable reasons are indicated in the MPR and guidelines have been complied. g) The reference to availability or otherwise in the GeM Portal are recorded and valid reasons for cases, if any, for not proposing the procurement through the GeM Portal is recorded in the file.	a) Adequacy of the nos. of vendor proposed.	a) Scrutiny of the MPR and concurrence covers/ confirms the following unless otherwise stated: i) The provisioning of Materials to be done based on provisions of DoP and subsequent revision/ clarifications to DoP. ii) MPR is supported with an adequacy statement/ review sheet is counter checked with respect to its arithmetical accuracy in arriving at the net quantity requirement proposed as per the guidelines issued. iii) Confirmation of inclusion of Integrity Pact (IP) clause in the RFQ in case of the estimated amount is more than threshold value as notified from time to time. iv) Correctness of reference to Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken.
2. CPR (Capital items)	a) Justification of requirement. b) Mode of Tendering c) The mode of tendering proposed/ time for response is as per the guidelines issued. d) Acceptability of the specifications/ technical terms & conditions and	a) Adequacy of the nos. of vendors proposed.	a) Scrutiny of the CPR and Capital Appropriation Request (CAR) and concurrence covers/ confirms the following unless otherwise stated: i) Confirmation on the availability of the items in the approved Capital Budget.

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
	quality/ inspection requirement. e) Acceptability of delivery schedule. f) Authenticity of the input provided in the CPR. g) Reasonableness of the basis of the estimate made in the proposal considering the budgetary quotation received from the vendor with applicable duties and taxes. h) Acceptability of technical/engineering estimates in case of non-availability of budgetary quotes. i) In case of single tender/ proprietary tender, justifiable reasons are indicated in the CPR. j) The reference to availability or otherwise in the GeM Portal are recorded and valid reasons for cases, if any, for not proposing the procurement through the GeM Portal is recorded in the file.		ii) Confirmation of the value of the proposal being within the budget provision. iii) The correctness of reference of Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken. iv) Confirmation of inclusion of Integrity Pact (IP) clause in the RFQ in case of the estimated amount is more than threshold value as notified from time to time. v) For items not covered in the Capital Budget, justification for procurement with proper DOP reference, and cumulative value of such proposals concurred during the year are available in the proposal for capital sanction by the appropriate CFA.
3. SPR (Services)	a) Correctness of information provided in the proposal. b) Acceptability of scope of services. c) Acceptability of technical terms & conditions and quality/ inspection requirement. d) Acceptability of delivery schedule proposed. e) Availability of reasonable basis for the estimation of expenditure. f) The procedure for procurement of services	a) Adequacy of sources proposed. b) Confirmation of commercial terms and conditions proposed in the proposal.	a) The services as defined in the Purchase Manual under **para 3.4.11** is procured through the purchase procedure. The note sheets are proposed by the Stores/ HR/ Plant & Maintenance/ IT/ User Department supported with Service Purchase Request (SPR) for the procurement of such services and submitted to Finance Department for concurrence. i) Confirmation of availability of funds under

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
	proposed is as per the guidelines issued. g) In case of the proposal based on single source/ spot/ tendering on nomination basis, justifiable reasons are indicated in the SPR. h) The reference to availability or otherwise in the GeM Portal are recorded and valid reasons for cases, if any, for not proposing the procurement through the GeM portal is recorded in the file.		the respective heads in the performance budget. ii) The correctness of reference of Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken.
4. Draft Purchase Order/ Contract for procurement of Capital/ Project Material/ Revenue/ non-project items and Services	a) Acceptability of the specification/ scope of services. b) Acceptability of the shelf life or life limitation of the products. c) Acceptability of technical terms & conditions and quality/ inspection/ mandatory requirements. d) Acceptability of delivery schedule proposed. e) Technical evaluation statement. f) Price justification. g) The procurement of the materials/ services proposed is as approved in the CAR, MPR/SPR/CPR and Note Sheet w.r.t. items and quantity. In case of any variation, approval of CFA for amendment to CAR, MPR/SPR/CPR and Note Sheet is available. h) Reasonableness of the price of L1 offer considered in the proposal w.r.t. the previous procurement prices, where ever previous procurement	a) Address of the vendors and its composition. b) The procedure for tendering as approved in the CAR/ MPR/ SPR/ CPR/ Note Sheet has been followed. c) Evidence of RFQ sent to vendors is available in the file. d) Marking/disposition of late bids and unsolicited bids as per procedure. e) Authenticity of the offers/ documents received from vendors. f) Confirmation of authentication of Tender Summary Sheet by the members of authorised Tender Opening Committee indicating the RFQ sent to No. of vendors, No. of Response received, Number of quotations received, Number of nil quotations, No. of unsolicited quotations and the Number of vendors not responded.	**Scope of Concurrence of Draft Purchase Order/ Contract**:- a) Confirmation of the proposal being put up in the appropriate Purchase Proposal Format supported with following documents unless the deviations are highlighted: i) Information checklist for purchase proposal. ii) Draft Purchase Order (DPO)/ contract, iii) Comparative statement, iv) PNC Recommendation, were ever applicable. v) The draft purchase order/ contract has been put up only based on the technically acceptable L1 offered price considering the tender conditions such as package price or item wise L1 price. vi) Approval for re-appropriation obtained from the competent authority as per DOP, where ever proposal amount exceeds for

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
	prices are available, or based on the estimation made. i) Confirmation of the following in case of the proposal on Repeat Order Basis: - The proposal is for the procurement of the same items/ services.	g) Confirmation of the bid submitted with the EMD amount in the form and the amount as indicated in the RFQ, wherever applicable. h) Where two/three bids systems are proposed, commercial bids are opened (for the technically accepted offers) after the approval by the competent authority, wherever applicable. i) Confirmation that the vendors have signed the IP before forwarding the bids to TEC. j) Reference of export/import formalities. k) Commercial evaluation statement. l) Confirmation of tender evaluation as indicated in the RFQ. m) Correctness of Comparative statement of quotations including the loading of offers and determination of L1. n) Price justification statement. o) Constitution of the PNC at the appropriate level, where ever required. p) Agenda/points for Negotiation, wherever applicable. q) The draft purchase order/ contract has been put up only based on the technically acceptable L1 offered price considering the tender conditions such as package price or item wise L1 price. r) Confirmation of inclusion of Security Deposit/Bank	procurement of capital items. vii) Confirmation of inclusion of Security Deposit/Bank Guaranty against advance payment/ Performance Guarantee and Indemnity Bond in the Purchase Order, wherever applicable. viii) Correctness of reference of Delegation of Power.

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
		Guaranty against advance payment/ Performance Guarantee and Indemnity Bond in the Purchase Order, wherever applicable. s) Correctness of reference of Delegation of Power. t) The Purchase Proposal Format is filled up by the Initiating Authority/ Recommending Authority with the material information for decision making. u) Confirmation of proposal being in line with PNC recommendations/ Offer/Standard Terms and conditions with deviations, if any, highlighted. v) Repeat Order proposed is in conformance to the DOP conditions pertaining to Repeat Order.	
5. Amendment to the Purchase Order/ Contract	a) Acceptability of the amendment proposed on delivery schedule. b) Acceptability of the modification in the specification/ scope of service. c) Acceptability of the modifications in the technical terms & conditions and quality/inspection requirements. d) Change of delivery schedule, if LD is applicable. e) Amendment to quantity. Errors and omission having financial implication. f) Provide justification for amendment in view to	a) The amendment to the purchase order/contract issued for procurement of capital/revenue items and services may arise due to the following reasons with or without any additional financial implication. Such amendments are proposed by the purchase department based on the request from the vendor/ Divisional requirement. b) Authenticity of the document received from the vendor for amendment c) Change in price/payment terms. Change in Terms and conditions such as mode of transport, packing etc.	a) **Amendment Proposed to the Purchase Order/ Contract with Financial Implications**:- i) Change in price/payment terms. ii) Change in statutory requirement. iii) Change in Terms and conditions such as mode of transport, packing etc. b) **Amendment Proposed to the Purchase Order/ Contract without Any Additional Financial Implications**:- i) Change in name and address of the vendor. ii) Change in part No. of the item without affecting form fit & function.

Type of Activity	Indenting Department	Purchase/HR Department (as applicable)	Finance
	technical reasons or delivery change. g) Request for amendment has been initiated with back up documentation. h) Confirmation of amendment proposed not in violation of the conditions of tender.	d) Errors and omission having financial implication. e) Confirmation of no changes in the L1 status on account of the change in price/ other financial terms and conditions. f) Correctness of the DOP reference. g) The proposal is put up with justifiable reasons for such amendment.	iii) Change of nomenclature of the item. iv) Change of unit of measurement without change in total quantity. v) Deletion of items. c) **Scope of Concurrence for Amendment**: i) The correctness of the value of the proposal after amendment. ii) Confirmation of no change in the L1 status on account of the change in price/other financial terms and conditions. iii) Correctness of the DOP reference.
6. Papers put up for approval of the Procurement Committee/ Technology & Design Policy Committee/ Management Committee/ Board of Directors	a) Technical parameters/ issue associated with the proposal Approval for signing of MOU/ b) Integrity Pact. c) Procurement of goods, services and works over and above DOP of CMD, subject to the conditions that the project/ programme has the approval of the Competent Authority. d) Development orders/ indigenisation programme for establishing a new source of supply over and above a threshold limit. e) Single tender basis on JV promoted by HAL as per prevailing DOP. f) Outsourcing to the Licensor/OEM sources in case of exigencies due to constraints of technology absorption/capacity.	a) Approval for placement of Purchase Orders/award of contract and amendment with financial implications.	a) Approval for placement of Purchase Orders/ award of contract and amendment with financial implications.

Annexure – 2A

Procurement Guidelines for Capital Equipment

Capital Equipment		Purchase Manual Reference
Provisioning	CAR, CPR, source selection, specification	Para 3.2, 3.4.12, 5.1, 5.2, 5.3, 6.2, 6.2.18, 8.12, 8.13 Annexure - 11
Procurement Without tendering	HAL Rate Contract, other sources	Chapter 7
Single Source/ Proprietary/Licensor/ OEM approved Source	Only where the Technology or process is recommended by Licensor/Designers	Para 6.9, 6.11 & 6.12. Annexure - 16 & 17
Limited Tendering	If value is less than Rs. Five Cr. and sources are established in Vendor directory	Para 6.8
Open Tender	If value is more than Rs. Five Cr.	Para 6.6, 6.7 along with the Para 6.3, 6.4 & 6.5 for EMD, SG, PBG. Annexure - 14
Spot Tendering	Procurement limited to Rs. Ten lakhs on each occasion where there are varieties of makes/products available in the market.	Para 6.13
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Bids are to be evaluated by the Spot Purchase Committee.	Para 8.5 to 8.10
Technical Evaluation	By Technical Evaluation Committee in all Cases except Spot Tendering. In case of Spot Tendering offers to be evaluated by the Spot Purchase Committee.	Para 8.11.1 to 8.11.8, 8.13
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Para 8.11.9 to 8.11.14, 8.13.3, 8.13.4
Purchase Approval		Chapter 9

Note: The above table is for reference only. Buyer should refer the relevant para of the Purchase Manual and prevailing procurement guidelines issued from time to time.

Annexure – 2B

Procurement Guidelines for Direct Project Materials

Direct Project Materials		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Para 3.3, 3.4.12, 4.4, 4.8.3, 5.1, 5.2, 5.3, 6.1, 6.2, 6.2.3, 6.9.5, 6.12.2 (l), 6.17 Annexure - 9.
Procurement Without tendering	If item is available on HAL Rate Contract	Chapter 7
Single Source/ Proprietary/ Licensor/ OEM approved Source	Only where the item is approved or recommended by Licensor/ recommended by OEMs/ Customers/ Proprietary type/ Available in SOP as recommended by Design centers.	Para 6.9, 6.10, 6.11, 6.12, 6.16 Annexure - 16 & 17
Limited Tendering	Only to Approved sources	Para 6.8
Open Tender	This is not mandatory for purchase of Project Materials from already approved/ proprietary/ developed sources/ licence agreement/ Long terms contract. If concerned Division perceives that there exists advantage for procurement of value more than Rs. 10 Crs. then this can be considered.	Para 6.6, 6.7 along with the Para 6.3, 6.4 & 6.5 for EMD, SG, PBG. Annexure - 14
Spot Tendering	It can be applied provided the material is available in local market. In case of Project material, Limited scope is envisaged.	Para 6.13
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Bids are to be evaluated by the Spot Purchase Committee.	Para 8.5 to 8.10
Technical Evaluation	Technical Evaluation to be done by Production Engineering/ Planning.	Para 8.11.1 to 8.11.8
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Para 8.11.9 to 8.11.14, 8.13.3, 8.13.4, 8.15
Purchase Approval		Chapter - 9

Note: The above table is for reference only. Buyer should refer the relevant para of the Purchase Manual and prevailing procurement guidelines issued from time to time.

Annexure – 2C

Procurement Guidelines for Overhead/Commercial Materials

Overhead/Commercial Materials		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Para 3.4, 4.4, 5.1, 5.2, 5.3, 6.2, 6.2.3, 6.12.2 (l) Annexure - 9
Procurement Without tendering	HAL Rate Contract and other sources.	Chapter 7 Annexure - 12, 13 & 19
Single Source/ Proprietary/ Licensor/ OEM approved Source	Only one source is available, purchase from Government/Semi Government agencies, Item of standard specification, requirement of standardization.	Para 6.9, 6.12 Annexure - 16 & 17
Limited Tendering	Sources approved in Vendor Directory, sample selection basis.	Para 6.8, 6.14, 6.15
Open Tender	If Requirement is more than Rs. 5 Crs, open tendering in two Bid may be followed. Open tendering can also be followed in case of value less than Rs. 5 Crs.	Para 6.6, 6.7 along with the Para 6.3, 6.4 & 6.5 for EMD, SG, PBG. Annexure - 14
Spot Tendering	Value limited to Rs. Five Lakhs on each occasion	Para 6.13
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Bids are to be evaluated by the Spot Purchase Committee.	Para 8.5 to 8.10
Technical Evaluation	By Technical Evaluation Committee in all Cases except Spot Tendering. In case of Spot Tendering, Evaluation of offers (to be evaluated by the Spot Purchase Committee.)	Para 8.11.1 to 8.11.8
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Para 8.11.9 to 8.11.14, 8.13.3, 8.13.4, 8.15
Purchase Approval		Chapter 9

Note: The above table is for reference only. Buyer should refer the relevant para of the Purchase Manual and prevailing procurement guidelines issued from time to time.

Annexure – 2D

Procurement Guidelines for Design Development & Indigenisation

Procurement for Design Development & Indigenisation		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Para 3.3.1, 4.4, 4.6, 5.1, 5.2, 5.3, 6.2, 6.9.5, 6.12.2 (l), 8.14
Procurement Without tendering	If item is available on HAL RC and the same item is required for new development	Chapter 7
Single Source/ Proprietary/ Licensor/ OEM approved Source	Item during design & research stage is selected from Proprietary Source/ Licensor's recommended OEM for other project and the same is selected for new development.	Para 6.9.5, 6.11, 6.12 Annexure - 16 & 17
Limited Tendering	In case of Indigenisation/ import substitution or for Technology development to establish sources, Limited tendering may be followed.	Para 6.8
Open Tender	For selection of Systems for Aircraft/ Helicopters/Accessories/ Indigenisation of items for large requirement	Para 6.6, 6.7, 6.14, 8.14 along with the Para 6.3, 6.4 & 6.5 for EMD, SG, PBG. Annexure - 14
Spot Tendering		Para 6.13.5
Tender Opening	Tender Opening procedures to be followed as defined in Purchase Manual.	Para 8.5 to 8.10
Technical Evaluation	By Technical Evaluation Committee as defined in Purchase Manual	Para 8.11.1 to 8.11.8
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Para 8.11.9 to 8.11.14, 8.13.3, 8.13.4, 8.15
Purchase Approval		Chapter 9

Note: The above table is for reference only. Buyer should refer the relevant para of the Purchase Manual and prevailing procurement guidelines issued from time to time.

Annexure – 2E

Procurement Guidelines for Various Mode of Tendering

(for Reference only, details to be referred in the respective Chapter)

Mode of Tendering	Source Selection	Tendering	Tender Evaluation	Placement of Order	Remarks
Open Tender	Para 4.4.1, 4.8.3, 6.7	Para 6.2, 6.2.9, 6.6, 6.14	Para 8.11, 8.13, 8.14, 8.15, 8.16, 8.17	Chapter 9	Para 6.3 for EMD, 6.4 for SD, 6.5 for PBG. Annexure 14 for Tender Terms & Conditions
Limited Tender	Para 4.1, 4.8.3	Para 6.8	Para 8.11, 8.13, 8.14, 8.15, 8.16, 8.17	Chapter 9	Para 6.4 for SD, 6.5 for PBG. Annexure 14 for Tender Terms & Conditions
Proprietary Tender	Para 4.4.1.A, B.iv.d, e, f, h	Para 6.9	Para 8.11	Chapter 9	Para 6.4 for SD, 6.5 for PBG. Annexure 14 for Tender Terms & Conditions
Single Tender	Para 4.4.1	Para 6.12	Para 8.11	Chapter 9	Para 6.4 for SD, 6.5 for PBG. Annexure 14 for Tender Terms & Conditions
Customer Nominated	Para 4.4.1.B.iii.c	Para 6.12.6	Para 8.11	Chapter 9	Para 6.4 for SD, 6.5 for PBG. Annexure 14 for Tender Terms & Conditions
Spot Tendering	Local Sources	To be done by Committee as per Para 6.13.2 & 6.13.3	To be done by Committee as per Para 6.13.2 & 6.13.3	Chapter 9	Annexure 14 for Tender Terms & Conditions
Purchase without Tendering	Chapter 7	No Tendering Required	No Tendering Required	Chapter 9 except for Imprest and Petty purchase	No Formal Tender Terms & Conditions for Imprest & Petty Purchase
Single response for Open/ Limited tender.			Para 8.17.9, 8.17.10, 8.17.12	Chapter 9	Single offer cases exceeding specified value in DOP to be pre-audited by Systems Audit.
Joint Venture	As per DoP for the product/ service covered by approved business plan of the JV and notified by the Corp. Office	Para 6.12.5	Para 8.11	Chapter 9	Requires Board/ Audit Committee approval.

Note: The above table is for reference only. Buyer should refer the relevant para of the Purchase Manual and prevailing procurement guidelines issued from time to time.

Annexure - 3

Vendor Directory Report

(to be extracted from ERP)

Name of Division/Office: ……

Date of Last Update of Vendor Directory:……..

Field	Field Name
1	Registration Number/ Vendor ID (as per ERP)
2	Vendor's Name
3	Vendor's Country
4	PAN (for Indian Vendor) otherwise DUNS no.
5	Registration valid up to (DD/MM/YYYY)
6	Postal Address
7	Vendor's City/ District
8	Vendor's State
9	Vendor's Telephone no.
10	Vendor's Primary Mobile no.
11	Vendor's Primary e-mail ID
12	Vendor's Website/ URL
13	Material Group
14	Material Category
15	Material Sub-category
16	Enterprise Category (Large/Medium/Small/Micro)

Note: 1) All details including above mentioned data as sought/provided in the "Registration Application" should be entered in ERP and should be made available, whenever required.

2) The user/ functional group may provide the above details (as available with the user) even for inclusion of a new vendor.

3) Fields 13 to 15 should be filled as per **Annexure - 3A**.

Material Categorisation

Annexure – 3A

Material Group	Material Categories	Material Sub - Categories				
		Type-1	Type-2	Type-3	Type-4	Additional Types
Direct Project Materials (Bonded Materials)	Raw Materials	Metallic	Non-metallic	Prepreg/ Foams/ Cores	Others	
	Project Consumables	Paints and Chemicals	Oil and Lubricants	Fuel/ Gases	Sealants, Adhesives and Tapes	Others
	Bought Out Finished parts	Electrical Power System	Hydraulic System	Fuel System	Landing Gear System	Others
	Standard Parts - IS, MS, NAS, AGS, GOST etc.	Metallic Fasteners	Bearings	Rubber items	Washers and Gaskets	Others
	Special Tools & Test Equipment (specific to Project and Forming part of DRE)	Jigs & Fixtures	Hand Tools	Consumable Tools	Special Purpose Tools	Others
	SACL, Ground Tools forming part of Aircraft/ Engine/ End Product delivery	Ground Handling Equipment (GHE)	Ground Support Equipment (GSE)	Others		
Overhead Materials (Non-bonded Materials)	Raw Materials for Jigs/ Fixtures/ Tooling	Metallic	Non-metallic	Prepreg	Others	
	Consumables for commercial applications	Paints and Chemicals	Oil and Lubricants	Masking Tapes	Cleaning Agents	Others
	Standard Parts/ items for Jigs/ Fixtures/ Tooling and other commercial applications	Metallic Fasteners	Rubber sheets	Others		
	Maintenance Spares (including all Equipment, Vehicles etc.)	Mechanical	Electrical	Electronics	Civil	Others
	Safety items	Personal Protective Equipment (PPE)	Fire and Safety	Alarm systems	CCTV Camera	Others
	Loose Tools & Equipment - Shop tools, Gauges and Hand tools	Measuring Tools	Hand Tools	Power Tools	Grinding Tools	Others
	Loose Tools & Equipment - Cutting Tools	Single Point tools	Multi point tools	Cut of wheels	Gas cutting Equipment	Others
	Welfare & other items including Stationery, Medical, Canteen Supplies, etc.	Printed Articles	Momento & Gift items	Clothing	Medicine/ Pharmacy	Others
	SACL, Ground Tools not forming part of Aircraft/ Engine/ End product delivery	Ground Handling Equipment (GHE)	Ground Support Equipment (GSE)	Others		
Capital	Construction material	Cement	Sand	Stone chip	Brick	Others
	Plant, Machinery and Factory Equipment	Air conditioning equipment	Electrical & Electronics equipment	Machines	Vehicles	Others
	Computer & associated equipment	Computers/ Laptops	Software	Storage solutions	Tablets/ Phones	Others
Services	Testing/ Calibration	EMI/ EMC test	Vibration test	Dust test	Others	
	AMC/ CAMC/ Repairs	Conventional machine tools	CNC machine tools	Air conditioning systems	Thermal and Exhaust systems	Others
	Logistics	Logistics				
	Other services	Other services				

Annexure – 4

Country & Currency Codes

This list states the country names (official short names in English) in alphabetical order as given in ISO 3166-1, the corresponding ISO 3166-1-alpha-2 country codes and the currency codes against country names (official short names in English) in alphabetical order of Country as given in ISO 4217 and corresponding currency names.

Country Code	Country, Currency	Currency Code
AF	Afghanistan, Afghanis	AFA
AL	Albania, Leke	ALL
DZ	Algeria, Dinars	DZD
US	America (United States of America), Dollars	USD
AS	American Samoa, United States Dollars	USD
AD	Andorra, Euro	EUR
AO	Angola, Kwanza	AOA
AI	Anguilla, East Caribbean Dollars	XCD
AG	Antigua and Barbuda, East Caribbean Dollars	XCD
AR	Argentina, Pesos	ARS
AM	Armenia, Drams	AMD
AW	Aruba, Guilders	AWG
AU	Australia, Dollars	AUD
AT	Austria, Euro	EUR
AZ	Azerbaijan, Manats	AZM
BS	Bahamas, Dollars	BSD
BH	Bahrain, Dinars	BHD
BD	Bangladesh, Taka	BDT
BB	Barbados, Dollars	BBD
BY	Belarus, Rubles	BYR
BE	Belgium, Euro	EUR
BZ	Belize, Dollars	BZD
BJ	Benin, Communauté Financière Africaine Francs	XOF
BM	Bermuda, Dollars	BMD
BT	Bhutan, India Rupees	INR
BO	Bolivia, Bolivianos	BOB
BA	Bosnia and Herzegovina, Convertible Marka	BAM
BW	Botswana, Pulas	BWP
BV	Bouvet Island, Norway Kroner	NOK
BR	Brazil, Real	BRL
IO	British Indian Ocean Territory, United States Dollars	USD
BN	Brunei Darussalam, Dollars	BND
BG	Bulgaria, Leva	BGL

Country Code	Country, Currency	Currency Code
BF	Burkina Faso, Communauté Financière Africaine Francs	XOF
BI	Burundi, Francs	BIF
KH	Cambodia, Riels	KHR
CM	Cameroon, Communauté Financière Africaine Francs	XAF
CA	Canada, Dollars	CAD
CV	Cape Verde, Escudos	CVE
KY	Cayman Islands, Dollars	KYD
CF	Central African Republic, Communauté Financière Africaine	XAF
TD	Chad, Communauté Financière Africaine Francs	XAF
CL	Chile, Pesos	CLP
CN	China, Yuan Renminbi	CNY
CX	Christmas Island, Australia Dollars	AUD
CC	Cocos (Keeling) Islands, Australia Dollars	AUD
CO	Colombia, Pesos	COP
KM	Comoros, Francs	KMF
CG	Congo/Brazzaville, Communauté Financière Africaine Francs	XAF
CD	Congo/Kinshasa, Francs	CDF
CK	Cook Islands, New Zealand Dollars	NZD
CR	Costa Rica, Colones	CRC
HR	Croatia, Kuna	HRK
CU	Cuba, Pesos	CUP
CI	Curaço, Netherlands Antilles Guilders	ANG
CY	Cyprus, Pounds	CYP
CZ	Czech Republic, Koruny	CZK
DK	Denmark, Kroner	DKK
DJ	Djibouti, Francs	DJF
DM	Dominica, East Caribbean Dollars	XCD
DO	Dominican Republic, Pesos	DOP
TP	East Timor, Indonesia Rupiahs	IDR
EC	Ecuador, United States Dollars	USD
EG	Egypt, Pounds	EGP
IE	Eire (Ireland), Euro	EUR
SV	El Salvador, Colones	SVC
UK	England (United Kingdom), Pounds	GBP
GQ	Equatorial Guinea, Communauté Financière Africaine Francs	XAF
ER	Eritrea, Ethiopia Birr	ETB
EE	Estonia, Krooni	EEK
ET	Ethiopia, Birr	ETB
FK	Falkland Islands (Malvinas), Pounds	FKP
FO	Faroe Islands, Denmark Kroner	DKK

Country Code	Country, Currency	Currency Code
FJ	Fiji, Dollars	FJD
FI	Finland, Euro	EUR
FR	France, Euro	EUR
GF	French Guiana, Euro	EUR
PF	French Pacific Islands (French Polynesia), Comptoirs Français	XPF
TF	French Polynesia (French Pacific Islands), Comptoirs Français	XPF
GA	Gabon, Communauté Financière Africaine Francs	XAF
GM	Gambia, Dalasi	GMD
GE	Georgia, Lari	GEL
DE	Germany, Euro	EUR
GH	Ghana, Cedis	GHC
GI	Gibraltar, Pounds	GIP
xx	Gold, Ounces	XAU
UK	Great Britain (United Kingdom), Pounds	GBP
GR	Greece, Euro	EUR
GL	Greenland, Denmark Kroner	DKK
GD	Grenada, East Caribbean Dollars	XCD
GP	Guadeloupe, Euro	EUR
GU	Guam, United States Dollars	USD
GT	Guatemala, Quetzales	GTQ
GN	Guinea, Francs	GNF
GW	Guinea-Bissau, Communauté Financière Africaine Francs	XOF
GY	Guyana, Dollars	GYD
HT	Haiti, Gourdes	HTG
HM	Heard Island and McDonald Islands, Australia Dollars	AUD
VA	Holy See, (Vatican City), Euro	EUR
HN	Honduras, Lempiras	HNL
HK	Hong Kong, Dollars	HKD
HU	Hungary, Forint	HUF
IS	Iceland, Kronur	ISK
IN	India, Rupees	INR
ID	Indonesia, Rupiahs	IDR
xx	International Monetary Fund (IMF), Special Drawing Rights	XDR
IR	Iran, Rials	IRR
IQ	Iraq, Dinars	IQD
IE	Ireland (Eire), Euro	EUR
IL	Israel, New Shekels	ILS
IT	Italy, Euro	EUR
JM	Jamaica, Dollars	JMD
JP	Jan Mayen and Svalbard, Norway Kroner	NOK

Country Code	Country, Currency	Currency Code
JO	Jordan, Dinars	JOD
KZ	Kazakstan, Tenge	KZT
KE	Kenya, Shillings	KES
KI	Kiribati, Australia Dollars	AUD
KP	Korea (North), Won	KPW
KR	Korea (South), Won	KRW
KW	Kuwait, Dinars	KWD
KG	Kyrgyzstan, Soms	KGS
LA	Laos, Kips	LAK
LV	Latvia, Lati	LVL
LB	Lebanon, Pounds	LBP
LS	Lesotho, Maloti	LSL
LR	Liberia, Dollars	LRD
LY	Libya, Dinars	LYD
LI	Liechtenstein, Switzerland Francs	CHF
LT	Lithuania, Litai	LTL
LU	Luxembourg, Euro	EUR
MO	Macau, Patacas	MOP
MK	Macedonia, Denars	MKD
MG	Madagascar, Malagasy Francs	MGF
MW	Malawi, Kwachas	MWK
MY	Malaysia, Ringgits	MYR
MV	Maldives (Maldive Islands), Rufiyaa	MVR
ML	Mali, Communauté Financière Africaine Francs	XOF
MT	Malta, Liri	MTL
MH	Marshall Islands, United States Dollars	USD
MQ	Martinique, Euro	EUR
MR	Mauritania, Ouguiyas	MRO
MU	Mauritius, Rupees	MUR
YT	Mayotte, Euro	EUR
MX	Mexico, Pesos	MXN
FM	Micronesia (Federated States of), United States Dollars	USD
MD	Moldova, Lei	MDL
MC	Monaco, Euro	EUR
MN	Mongolia, Tugriks	MNT
MS	Montenegro and Serbia, Yugoslavia New Dinars	YUM
MA	Morocco, Dirhams	MAD
MZ	Mozambique, Meticais	MZM
MM	Myanmar (Burma), Kyats	MMK
NA	Namibia, Dollars	NAD

Country Code	Country, Currency	Currency Code
NR	Nauru, Australia Dollars	AUD
NP	Nepal, Rupees	NPR
NL	Netherlands Antilles, Guilders	ANG
AN	Netherlands, Euro	EUR
NC	New Caledonia, Comptoirs Français du Pacifique Francs	XPF
NZ	New Zealand, Dollars	NZD
NI	Nicaragua, Gold Cordobas	NIO
NE	Niger, Communauté Financière Africaine Francs	XOF
NG	Nigeria, Nairas	NGN
NU	Niue, New Zealand Dollars	NZD
NF	Norfolk Island, Australia Dollars	AUD
MP	Northern Mariana Islands, United States Dollars	USD
NO	Norway, Kroner	NOK
OM	Oman, Rials	OMR
PK	Pakistan, Rupees	PKR
PW	Palau, United States Dollars	USD
PS	Palladium, Ounces	XPD
PA	Panama, United States Dollars	USD
PG	Papua New Guinea, Kina	PGK
PY	Paraguay, Guarani	PYG
PE	Peru, Nuevos Soles	PEN
PH	Philippines, Pesos	PHP
PN	Pitcairn Islands, New Zealand Dollars	NZD
PL	Poland, Zlotych	PLN
PT	Portugal, Euro	EUR
PR	Puerto Rico, United States Dollars	USD
QA	Qatar, Rials	QAR
RE	Réunion, Euro	EUR
RO	Romania, Lei	ROL
RU	Russia, Rubles	RUR
RW	Rwanda, Francs	RWF
SH	Saint Helena, Pounds	SHP
KN	Saint Kitts and Nevis, East Caribbean Dollars	XCD
LC	Saint Lucia, East Caribbean Dollars	XCD
PM	Saint Pierre and Miquelon, Euro	EUR
VC	Saint Vincent and The Grenadines, East Caribbean Dollars	XCD
WS	Samoa (American), United States Dollars	USD
SM	Samoa, Tala	WST
ST	San Marino, Euro	EUR
SA	Saudi Arabia, Riyals	SAR

Country Code	Country, Currency	Currency Code
SN	Senegal, Communauté Financière Africaine Francs	XOF
SC	Seychelles, Rupees	SCR
SL	Sierra Leone, Leones	SLL
SG	Singapore, Dollars	SGD
SK	Slovakia, Koruny	SKK
SI	Slovenia, Tolars	SIT
SB	Solomon Islands, Dollars	SBD
SO	Somalia, Shillings	SOS
ZA	South Africa, Rand	ZAR
GS	South Georgia, United Kingdom Pounds	GBP
ES	Spain, Euro	EUR
LK	Sri Lanka, Rupees	LKR
SD	Sudan, Dinars	SDD
SR	Suriname, Guilders	SRG
SJ	Svalbard and Jan Mayen, Norway Kroner	NOK
SZ	Swaziland, Emalangeni	SZL
SE	Sweden, Kronor	SEK
CH	Switzerland, Francs	CHF
SY	Syria, Pounds	SYP
TW	Taiwan, New Dollars	TWD
TJ	Tajikistan, Russia Rubles	RUR
TZ	Tanzania, Shillings	TZS
TH	Thailand, Baht	THB
TG	Togo, Communauté Financière Africaine Francs	XOF
TK	Tokelau, New Zealand Dollars	NZD
TO	Tonga, Pa'anga	TOP
TT	Trinidad and Tobago, Dollars	TTD
TN	Tunisia, Dinars	TND
TR	Turkey, Liras	TRL
TM	Turkmenistan, Manats	TMM
TC	Turks and Caicos Islands, United States Dollars	USD
TV	Tuvalu, Tuvalu Dollars	TVD
UG	Uganda, Shillings	UGX
UA	Ukraine, Hryvnia	UAH
AE	United Arab Emirates, Dirhams	AED
GB	United Kingdom, Pounds	GBP
UM	United States Minor Outlying Islands, United States Dollars	USD
US	United States of America, Dollars	USD
UY	Uruguay, Pesos	UYU
UZ	Uzbekistan, Sums	UZS

Country Code	Country, Currency	Currency Code
VU	Vanuatu, Vatu	VUV
VE	Venezuela, Bolivares	VEB
VN	Viet Nam, Dong	VND
VI	Virgin Islands (American), United States Dollars	USD
VG	Virgin Islands (British), United States Dollars	USD
WF	Wallis and Futuna Islands, Comptoirs Français du Pacifique	XPF
EH	Western Sahara, Morocco Dirhams	MAD
YE	Yemen, Rials	YER
YU	Yugoslavia, New Dinars	YUM
ZM	Zambia, Kwacha	ZMK
ZW	Zimbabwe, Zimbabwe Dollars	ZWD

Annexure - 5

Application Form for Registration as Approved Vendor (for Vendors based in India)

IMM Department

Application for Registration as Approved Vendor for Goods and Services

(for Vendors based in India)

Ref:.....

(Office Use Only)

Complete all sections of the form, sign the declaration and send the completed form and attachments in an envelope marked 'Application for Registration as Approved Vendor':

Head of IMM Department

Hindustan Aeronautics Limited

…….Division

(Vendor is requested to preferably apply for 'Registration as Approved/Empanelled **Vendor**' through HAL e-Procurement Portal - https://eproc.hal-india.co.in)

The columns in this form may be filled up. No column should be left blank. If applicant has no information to give in a particular column, "Nil" may be mentioned. In case, information not relevant in your case, please indicate "Not Applicable" in such column

Section 1: Applicant Particulars

Registration Category: *(Tick the correct category and strike out which is not applicable in the selected category)*	☐	Original Equipment Manufacturer (OEM)/ Licensor				
	☐	Stockist/ Distributor/ Dealer/ Trader				
	☐	Partner/ India Sales Office/ Subsidiary of Registered Foreign Vendor				
	☐	Service Provider				
	☐	Others (Please mention …….)				
Name of the Individual/ Firm/ Company:						
Constitution or Legal status:						
Registration Number:		Registering Authority		Date of Registration		
Type of Enterprise: *(strike out which is not applicable)*	Large/ Medium/ Small/ Micro		Whether Registered on GeM		Yes/ No	
			If yes, GeM Seller ID			
Year of commencement of Business:		PAN		GSTIN		
Registered Office Address:						
	City		State		PIN	

Primary Email ID:		Tel. No. (with STD Code)	
Primary Mobile no.:		Fax No.	
Company Website/ URL			
Address of Factory[$]:			
Address for Correspondence[$]: Telephone no.:			
Senior Most Executive Name: Designation: Email ID: Mobile No.:			
Contact/ Dealing Person Name: Designation: Email ID: Mobile No.:			

$ If not same as Registered Office Address.

Section 2: Applicant profile

2.1 Type of Ownership:

☐	Individual/ Single person/ Proprietorship	☐	Partnership	☐	Limited Liability Partnership
☐	Public Limited Company	☐	Private Limited Company	☐	Research Institute
☐	PSU/ Govt. of India Undertaking/ State Govt. Undertaking			☐	Registered Co-Operative Society
☐	Joint Venture or other tie-up for technology, equipment, financial backing and/or Project Management (Please specify……..)				
☐	Other, please specify ……				

Note: Enclose copies of Income Tax Return (in case of individual) Partnership Deed/ Articles & Memorandum of Association/ JV Agreement/ Certificate of Incorporation/ Certificate of Registration etc. as applicable, duly certified by Chartered Accountant.

2.2 (a) Are you a Medium, Small or Micro Enterprise (MSME) **-** Yes /No

If yes, please enclose copy of certificate.

i) Enterprise owned by (please tick which is applicable) - General/ Woman/ SC/ST

ii) Udyam Registration Number (URN) - ……

iii) Whether Registered on TReDS - Yes/No

(b) **Certifications**:

Type of Certification	Accredited Institution	Standard	Valid up to (date)
Quality Management			
Environment Management			
Operational Health & Safety Assessment			
Social Accountability			

(c) Give details of registration, if any, with HAL or its Divisions (Specify Division)/GeM/PSUs/ Central/State Govt./ Major Private Institutions/ Others (Specify):

Company	Registration Number	Dated	Validity	Class/ Type of Registration

Note: Attach necessary certificates from the registering authorities.

(d) Do you have License form Drug Controller – Yes/No.

If Yes, Indicate License Number …….

and Validity ……..

(Applicable only in case of applications pertaining to registration of Drugs/ Medical Equipment vendors).

2.3 Give the floor area of your factory and Offices. If you own more than one factory, please give separate details for each unit:

Factory or Office	Location	Area in Square Meters

2.4 **A.** Give a list of your major products/services, you intend to offer as a vendor:

Sl. No.	Major Products/Services*	Are you Original Equipment Manufacturer for listed product
		Yes / No
		Yes / No
		Yes / No
		Yes / No
		Yes / No
		Yes / No

*Please enclose your Company/ Product Catalogues.

(In case of Stockist/ Distributor please enclose relevant authorization from respective OEM/ Manufacturer/ Principals)

B. Please refer Material Categorisation chart as per **Annexure - 3A** and mention the material category/ies, under which you intend to register with HAL:

Material Group	Material Category	Material Sub-Categories

Note: In case of "Others" – please mention the products description.

2.5 Give a List of your major Customers

Sl.No.	Customer's Name & Address	Serial No. of the Product/ Service (from para 2.4 above) provided to the Customer

Note: Please attach Proof in the form of Purchase Order copies/ Invoice etc.

2.6 List the names of Owners/ Partners/Promoters and Directors/ Company Secretary/ Holder of Power of Attorney, as applicable, in the format detailed below:

Name of Owners/ Partners/ Promoters and Directors/ Company Secretary/ Holder of Power of Attorney	Relationship of the person with the firm

Note: Indicate Director Identification Number (DIN) also, wherever applicable.

2.7 List the names & addresses of all associated, subsidiary & holding companies, including trusts

Company Name	Address	Nature of Business	Relationship with Applicant

Section 3: Financial details

3.1 Annual Turnover in the last 3 years:

Year			
Annual Turn-over (Rs. Lakhs)			
Profit/ Loss (Rs. Lakhs)			

Attach the audited Balance sheet and Profit & Loss statement for the above.

3.2 IMPORTANT NOTE – Financial Assessment:

Before the assessment of this application can be completed, a representative from HAL may contact you concerning the financial and technical information that you provide. Your co-operation is required to assist in the assessment process. Failure to co-operate may affect registration.

The assessment report is specifically for use by HAL for the purpose of assessing Vendor for registration, and will be treated as strictly confidential.

3.3 Bank(s) details:

Will you authorise your Bank/s to provide information to HAL with a reference as to your financial position, if required?	YES / NO
Name of Bank & Branch	
Account Number	
Account Type	
IFSC code of the Bank	
Name and Designation of Contact Person:	
Address: Tel No:	

The above bank account details will be used for processing any payment to you.

Attach the cancelled cheque or bank mandate as a proof of the bank account details.

3.4 Furnish details of Income Tax Assessment in the last 3 Assessment years.

Assessment YEAR			
Amount Assessed (Rs. Lakhs)			
Amount paid/ payable(Rs. Lakhs)			

Attach the copies of Income Tax Returns filed.

3.5 Goods & Services Tax (GST) Details:

Goods & Service Tax Registration Number (GSTIN) _____

Attach copy of GST Registration along with copies of GST Returns filed for the past 3 years.

4 In the last 3 years, has your firm, or any firm with which any of your company's owners, officers or partners were associated, been debarred, disqualified, removed, business dealings banned or otherwise prevented from bidding ? YES/NO

If yes, State the reference to Customer and their orders and the basis for the action.

5 Whether any criminal case/s is/are pending in the name of the company for the last 5 years. YES/NO

If yes, provide a brief of the same.

6 Please provide any additional information, which will help you in securing registration with HAL.

7 DECLARATION

(This declaration should be completed by Proprietor/ Partner/ Director or other Senior Manager who has the authority to do so.)

I/We declare and confirm that –

a) The HAL Conditions of Registration are acceptable.

b) All information and attachments submitted in this application are true and correct.

c) I/We are aware that any false information provided herein will result in the rejection of my application and cancellation of any registrations granted.

d) I/We shall be bound by the acts of duly constituted attorney who has signed this application and of any other person who in future shall be appointed by us in his place to carry on business of the concern whether or not an intimation of such changes is given to HAL.

e) I/We have read and understood HAL's General Conditions of Contract and agree to abide by the same in all respects,

f) I/We undertake to communicate promptly to HAL any changes in organization, management, condition or working of the firm.

Note: Refer **Annexure – 5A** for the list of documents to be submitted along with the Vendor Registration Application Form.

Signature:……..……..

Name:……..

Position:……...……

Date:……

Details of person holding the Power of Attorney (If different from above) (attach attested copy of Power of Attorney)

Name ……. Tel. No. (….) … ……... Mobile No..……

Position ……..Fax No. (….) ……...

Official Seal

Annexure – 5A

Check List of Documents to be Submitted along with the Vendor Registration Application Form (for Vendors based in India)

Sl	Details Required as per Form	Proof/ Document Required	Yes/No
1	Company Registration/ Address:	(As applicable to your company)	[ ]
a.	For Individual/ Single person/ Proprietorship firm - where firm registration is not mandatory	Notarised affidavit for Proof of Company address	[ ]
b.	For Partnership/ Limited Liability Partnership (LLP) firm - where firm registration is not mandatory	Copy of Registration with Registrar of Firm (in case of Partnership/ LLP Firm) Registered or Unregistered Partnership Deed Notarised affidavit for Proof of Company address	[ ] [ ] [ ]
c.	For companies registered under Company Act 1956	Memorandum of Association/ Article of Association Certificate of Incorporation with registrar of firms Certificate of GST Registration	[ ] [ ] [ ]
2	Income Tax registration	PAN or TIN document	[ ]
3	Registration Category	If Stockist/Distributor/ Dealer/ Trader - Authorized Distributor Certificate and Copy of Agreement/Contract with Principal/ OEM.	[ ]
4	Udyam Registration (in case of MSME only)	Udyam Registration Certificate	[ ]
5	Quality Certification	ISO Certificate/ Any Other Certificate	[ ]
6	Registration with other HAL Divisions/ Organizations	Registration Certificate	[ ]
7	List of Major Products/Services	Product Catalog/ Service Catalog	[ ]
8	List of Major Customers	Past Purchase Orders Copy Any other proof	[ ]
9	Annual Turnover (of Past 3 years)	Audited Balance Sheet of FY..... last three years Audited Profit/Loss statement of FY… last three years	[ ] [ ]
10	Bank(s) Details	Cancelled Cheque/ Bank Mandate	[ ]
11	Income Tax Assessed (of Past 3 years)	Copy of ITR Acknowledgment for AY... last 03 years.	[ ]
12	Tax Details	Copy of GST returns filed for FY….. last 3 years	[ ]
13	Details & Mandatory document uploaded on HAL e-procurement portal for ‘e-Registration’		[ ]
Note - Kindly provide all current documents as above, tick mark and send back along with form.			

Annexure - 6

Application Form for Registration as Approved Vendor (Foreign Vendor - Manufacturer)

IMM Department

Application for Registration as Approved Vendor (Foreign Vendor - Manufacturer)

Ref:.....

(Office Use Only)

1	Name of the Firm	
2	Parent Company	
3	Address	
	City	
	State & Zip Code	
	Country	
4	Contact Name	
5	Phone	
6	Fax	
7	E-mail	
8	Website/ URL	
9	Category	Original Equipment Manufacturer (OEM) ☐ Consortiums/ State/ Govt. Agencies ☐ Others ☐
10	Company Type	Limited Company ☐ Partnership ☐ Individual ☐ Educational or Research Institute ☐ Trust ☐ Others ☐
11	Data Universal Numbering System (DUNS) Number	
12	Capital Employed	
13	Annual Sales	
14	Quality Certifications/ Accredition	
15	Employees (Total)	
16	Products/ Services	

17	Major Customers	
18	Address of Liaison office/ Branch office/ subsidiary in India if any with details of necessary clearance from Reserve Bank of India	
19	Details of authorised Stockist/ Distributor/ Service Centers if any to manage HAL supplies	
20	Company's Catalogue/ Brochure enclosed.	Yes/ No
21	Bank Account Details	Bank Name & Branch …….. IBAN Number …… SWIFT code ……..

Date…….

Signature:……

Name:……..

Position:……...……

Note: i) Refer **Annexure – 6A** for the list of documents to be submitted along with the Vendor Registration Application Form.

ii) Vendor is requested to get e-registered on line at HAL e-Portal. Visit https://eproc.hal-india.co.in.

Annexure – 6A

Check List of Documents to be Submitted along with the Application for Foreign Vendor – Manufacturer

Sl. No.	Details Required	Proof Required	Yes/ No
1	Details of Business Establishment	A certified copy of the charter, statutes, or Memorandum and Articles of the company or other instrument constituting or defining the constitution of the company; and if the instrument is not in the English language, a certified translation thereof	[ ]
2	Full address of Registered office of the company/firm & proof thereof	Notarised affidavit for Proof of Company address	[ ]
3	Sales Tax Registration as per law of the country of registration	Copy of Sales Tax Registration	[ ]
4	Income Tax Registration as per law of the country of registration	Copy of Income Tax Registration	[ ]
5	Certification from reputed Accreditation agencies	Certificate of accreditation	[ ]
6	Major customers list	Past Purchase Orders or any other suitable document	[ ]
7	Product Details	Product catalogs/ Brochures	[ ]
8	Annual Sales	Audited Balance Sheet of FY ..... Last 03 years	[ ]
9	Any other important detail		[ ]
10	Details & Mandatory document uploaded on HAL e-proc portal for ‘e-Registration’		Yes/ No
Remarks: Kindly provide all current documents as above, tick mark and send back along with form.			

Annexure - 7

Application Form for Registration as Approved Vendor (Foreign Vendor - Stockist/Distributor)

IMM Department

Application for Registration as Approved Vendor

(Foreign Vendor - Stockist/Distributor)

Ref:.....

(Office Use Only)

1	Name of the Firm	
2	Name of OEM(s) represented by the firm	
3	Address for communication	
	City	
	State & Zip Code	
	Country	
4	Contact Name	
5	Phone	
6	Fax	
7	E-mail	
7A	Address of Registered office with proof thereof (Certified copy of Charter, Memorandum of Association and Articles of Association, Income tax, Sales Tax registration as per law of country of registration and Country of Business operation, if different from country of registration to be enclosed)	
8	Document proof of OEM authorization for Stockist/ Distributor	
9	Website/ URL	
10	Category	Stockist ☐ Distributor ☐ Others ☐
11	Company Type	Limited Company ☐ Partnership ☐ Individual ☐ Educational or Research Institute ☐ Trust ☐

12	Data Universal Numbering System (DUNS) Number	
13	Capital Employed	
14	Annual Sales	
15	Equipment	
16	Facilities (sq. mtr)	
17	Quality Certifications/ Accredition	
18	Employees (Total)	
19	Key Sector	
20	Products / Services	
21	Major Customers	
22	Company's Catalogue/ Brochure enclosed.	Yes/ No
23	Bank Account Details	Bank Name & Branch …….. IBAN Number …… SWIFT code ……..

Date…….

Signature:……

Name……

Position……

Company Seal

Note: i) Refer **Annexure – 7A** for the list of documents to be submitted along with the Vendor Registration Application Form.

ii) Vendor is requested to get e-registered on line at HAL e-Portal. Visit https://eproc.hal-india.co.in.

Annexure – 7A

Check List of Documents to be Submitted along with the Application for Foreign Vendors/ Stockist/ Distributors

Sl. No.	Details Required	Proof Required	Yes/ No
1	Details of Business Establishment	A certified copy of the charter, statutes, or Memorandum and Articles of the company or other instrument constituting or defining the constitution of the company; and if the instrument is not in the English language, a certified translation thereof	[ ]
2	Full address of Registered office of the company/firm & proof thereof	Notarised affidavit for Proof of Company address	[ ]
3	OEM/ Distributor/ Stockist category and OEM authorizations	If Stockist/Distributor - Authorized Distributor Certificate/ Copy of Agreement with Principal/ OEM.	[ ]
4	Sales Tax Registration as per law of the country of registration	Copy of Sales Tax Registration	[ ]
5	Income Tax Registration as per law of the country of registration	Copy of Income Tax Registration	[ ]
6	Certification from reputed Accreditation agencies	Certificate of accreditation	[ ]
7	Major customers list	Past Purchase Orders or any other suitable document	[ ]
8	Product Details	Product catalogs/ Brochures	[ ]
9	Annual Sales	Audited Balance Sheet of FY..... Last 03 years	[ ]
10	Any other important detail		[ ]
11	Details & Mandatory document uploaded on HAL e-proc portal for ‘e-Registration’		Yes/ No
Remarks: Kindly provide all current documents as above, tick mark and send back along with form.			

Annexure – 8

Format of Vendor Registration Certificate

No: Dated: .....

To,

…….

…….

Sub: Vendor Registration Certificate

Dear Sir,

Reference is made to your application for Vendor registration dt……

2. We are pleased to inform you that M/s._____have been registered as approved vendor/ service provider as per details given below:

i	Vendor Code	
ii	Date of Registration	
iii	Validity of Registration	____ Years
iv	Registration category	OEM/ Authorized distributor/ Stockist
v	Registration granted for	Goods/ Services
vi	Category of Goods /Services for which registered *(indicate category/ sub-category, etc. in line with **Annexure 3A**)*	

3. Your registration at HAL-_____Division will be governed by HAL rules, directives etc. for Vendor Registration.

4. This registration will be renewed after the validity period at the discretion of HAL-_____ Division. You may have to submit fresh application with valid documents for the renewal.

5. Please note that this registration does not guarantee your firm/company, award of any/ all the orders/ contracts or inclusion on a particular tender list. Further, this registration shall not be a binding on any of HAL- Divisions to float the enquiries only to the registered vendors.

6. You are required to keep confidential all trade/ business/ technical information etc. received from HAL.

7. You will not resort to any publicity/ advertisement of registration with HAL, without prior permission of HAL.

8. HAL reserves the right to remove your firm/company's name from registered list at any time any of the following grounds/ or will render registration invalid :

   a) Failing or neglecting to quote in response to invitation to tender on ten successive occasions.

   b) Failing to abide by the agreed terms & conditions of signed contract/ order

   c) Failure to execute the contracts/orders to HAL'ssatisfaction.

   d) Making a false declaration to HAL.

   e) Failing to meet quality services

f) Scoring a vendor rating of less than 50 consecutively for over last 03 years

g) The firm is declared bankrupt or insolvent

h) In the opinion of the HAL, retention of firm's name in registered list is not in public interest.

i) Any other reason, which might disable your firm from satisfactorily performing the execution of likely contracts

j) Using corrupt or unfair means to gain advantage

9. Any of the following will also render registration invalid :

a) In case, it comes to our notice that you have rendered of false information/ mis-representation/ suppression/ distortion of facts in the application for registration/ at time of assessment, it will result in cancellation of your registration and HAL-_____Division shall reserve the right to take suitable action.

b) Any other ground, which in the opinion of HAL renders the retention of the registration undesirable in the interest of the Company.

10. You will be responsible for informing HAL-_____Division immediately (within 30 days) in case of any change in information furnished by you for the registration.

Please acknowledge the receipt.

Yours faithfully,

For Hindustan Aeronautics Ltd.,

( )

Vendor Registration Cell

_____ Division

Annexure - 9

Format for Material Purchase Request (MPR)

Format P-2

HAL Division	MATERIAL PURCHASE REQUEST								Priority Emergency 1 Program 2 AD-HOC 3	
	MPR No. _____			Date _____		Project: _____				
	Budget _____			DOP: _____		IP Coverage: Yes/No				
	Customer Order Ref. _____			NDA Requirement: Yes/No		Evaluation Criteria: Line/Set/Package wise, etc.				
Sl. No	Part No./ Stock No./ Specifications	Nomenclature Description	Qty. Reqd. (mtr/ Kg/ No. etc)	Delivery Date	Material Code	Unit Code	Estimated Value	Currency Code	Material Category	Material Sub-Category
	Total Quantity				Total Value					
Indenting Department				Prepared by (Sign & Date)			Concurrence by Finance		Approved by	
FOR PURCHASE DEPARTMENT Open Tender/ Single Tender/ Spot Tender/ Rate Contract/ Limited Tender/ Proprietary M/s…… ……										

HAL …….. Office/Division			**MATERIAL PURCHASE REQUEST (Contd)**									Page 2	
Sl. No.	Store	Qty in Stock	Average Monthly Consumption	Pending PO/ MPR Reference		Previous PO Reference			Qty Per A/c	Batch No./ Order No	Vendors' Name & Address	Remarks
				No.	Qty	No.	Date	Rate				

Estimation Basis:	Escalation Rate for estimation:	SPECIAL NOTES

Additional Requirement: CAMC/AMC/Warranty/Spares
Price Recoverability:
Local Content:
PPP MII Applicability: Yes/No
Availability on GeM: Yes/No
If yes, reason of not proposing through GeM tender:
Adequacy Statement: as generated from ERP should be enclosed along with MPR.

Sl No	Purchase Order No.	Vendor	No. of Items	Value	Delivery Due	Remarks

Note: Report generated through ERP shall contain above requirement.

Format for Service Purchase Request (SPR)

Annexure - 10

Division:	**Service Purchase Request (SPR)**							-
Type of Service: e.g. Transport Services	EMD	Applicable/ Not Applicable	Security Deposit	Applicable/ Not Applicable	DoP Reference		Priority	Normal / Urgent
SPR No.:-			Date:			User Department:-		

Sl No	Description of Service	Itemized Unit Rate	Estimated Cost	Duration of Service	Service (New/ Renewal)	Present Status of Service			Last Service Details		
						SPR No.	Period	Value	SPR No.	Period	Value
1											
2											
3											
	Sub Total in INR										
	Extra Charges @										
	Total Value in INR										

Additioal Requirement: CAMC/AMC/Warranty/Spares	BUDGET PROVISION			Mode of Tendering: Open/ Limited/ Single/S pot/ .....
Evaluation Criteria: Line/Set/Package wise, etc.	FINANCIAL YEAR:	Amount (In Lakhs)	Budget Coordinated By:-	Price Recoverability:
	Sanction Budget (Rs.)			IP Coverage: Yes/No
PPP MII Applicability: Yes/No	Committed Budget (Rs.)			NDA Requirement: Yes/No
Estimation Basis:	Available Budget (Rs.)			Local Content:
Escalation Rate for estimation:	Proposed Budget (Rs.)			Availability on GeM: Yes/No
Customer Order Ref.:	Balance Budget (Rs.)			If yes, reason of not proposing through GeM tender:

PROBABLE SOURCE OF SERVICE PROVIDER

Sl. No	Vendor IFS Code	Name	Addre ss	Category of Vendor (OEM / Registered)	E-mail	Fax No.	Phone No.	PAN No.	S. Tax No.		Remark
1					-						
2											
3											
4											
5											

Approval Committee	Prepared By	Checked By	Proposed By	Concurred by Finance	Approved by CFA
Signature					
Name					
Designation					

Note:-
(1) All the fields shall be filled up by user department.
(2) Scope of work should be annexed by user along with SPR.
(3) Estimated Cost shall have proper justification with SPR supported by Budgetary offers or Market justified rates.
(4) In case of CAMC/AMC of a machine, machine utilisation and its criticality to be indicated by MSD in the SPR.

Annexure - 11

Format for Capital Purchase Request (CPR)

Form P-3

CAPITAL PURCHASE REQUEST

C.P.R. No…… Date…….

DESCRIPTION QTY. (Sketch/Blue Print No… ..... attached)	Estimated cost in Rs			Last Purchases Reference
	CIF	Duty	Total	
Basic Machine/Equipment				
Initial spares				
Essential Accessories (Details are to be attached)				

2 Total estimate for details attached

3 Estimated life… years

4 Date required……

5 Mode of procurement/ tendering: ……..…

6 Chargeable to……..

7 Compensation on Request: Programme/ Project/ Express/ Emergent

8 Give full explanation justifying need for this request:

9 Installation/Commissioning Applicable:

10 AMC/CAMC Required with years:

11 Accessories Required: YES / NO (If yes, details are to be enclosed)

12 Spares Required: YES / NO (If yes, details are to be enclosed)

13 Detailed technical Specification Enclosed (YES / NO) (If yes, details are to be enclosed)

14 Commercial Evaluation (Line/ Package Wise)

15 PPP MII Applicability: YES / NO

16 Previous Procurement details: YES / NO (If Yes provide PO details)

17 Availability on GeM: Yes/No

If yes, reason of not proposing through GeM tender:

18 Warranty Required: __ years

DIVISIONAL HEAD/ FUNCTIONAL HEAD/ GROUP HEAD *

19 Budget Reference

Year		Planning $
Account Head/ Category		
Budget Provision		
Already appropriated		
Commitment now proposed		Finance $
Balance after this		

DIVISIONAL HEAD/ FUNCTIONAL HEAD/ GROUP HEAD *

20 Budget Control Section

P.O. NO._____

* As per DoP

$ One level below the approving Authority

FORM P-3 (Contd.)

FOR USE BY PURCHASE DEPARTMENT

1 Proposed procurement action:

a) Bazar Purchase

b) Local Bazar Purchase on best of..... quotations by hand

c) Proprietary purchase from ……..…….

d) Advertised Tender

e) Indent against DGS&D/ ISM

f) Indent against Rate/Running Contract

g) Limited Tender-firms to whom limited tenders are to be issued:

i. ……....

ii. ……

iii. ……

iv. ……

v. ……

vi. ……

vii. ……

viii. ……

ix. ……

x. ……

xi. ……

xii. ……

h) Issue Foreign Enquiries to firms as indicated as above

i) Place order against existing price/period agreements

2 Move for Import clearance

3 Time allowed

SR. MANAGER (IMM)/ PURCHASE MANAGER

Annexure - 12

Format for Petty Purchase Request (PPR)

Form P-6

PETTY PURCHASE REQUEST

Date……

Nomenclature……

Quantity……..

Estimated cost…… Nature of request: Stock/Non-Stock Item
(Strike out which is not applicable)

For Stock Item please mention reason for request……..

……....

……

For Non-Stock Item please give reason of not being recommended as a stock Item ……..

……

……

Certified that item being procured is one time requirement and may not be required for another 2 months.

(Head of Department)

Approved by:

(DIVISIONAL HEAD/ FUNCTIONAL HEAD/ GROUP HEAD *)

*** As per DoP**

ACTION TAKEN

Note: -

1. For stock item, request is to be routed through Stores Manager who will coordinate for availability of stock and IMM shall coordinate for dues in if any.
2. Original Copy will be sent to accounts along with Cash Memo/ Bill (to be endorsed by User Department).

Annexure - 13

Format for Urgent Purchase Request (UPR)

Form P-3

HAL		U.P.R. No.				Date			
Sl. No.	Code No. (if Available)	Full Description of Material required (with substitute, if any)	Qty Reqd.	Approximate Cost	Unit	Reasons for Request	Ref of Old Supply	Special Instructions	
						CERTIFIED THAT: i) the item is ordered and delivery is overdue; hence part qty demanded ii) could not be projected earlier iii) alternate item for trial to meet PHU Department Requesting			
						MATERIAL PURCHASE ACTION		Name of the Officers nominated For spot tendering	
Prepared By		Date							
Checked By		Date							
Recommended By		Date							
Audited By		Date							
Financial Concurrence Head of Finance						Purchase manager/ Head of IMM			

Annexure - 14

General Conditions of Tender/Contract/PO

(Applicable for Indigenous, Foreign and Rate contract (appropriate provisions only)

Classification of General Conditions:

The "General Conditions of Tender, Contract/PO" shall contain such provisions relating to Indigenous and Foreign procurements, which are classified/divided into Four Parts i.e. "Part- I to Part – IV. Whereas the Tendering Department need to go through the provisions of each Part below and consider all such relevant provisions/clauses, which are suitable for the procurement and accordingly prepare RFP/RFQ/Tender or Contract/PO. Whereas the:

i) Part - I covers such provisions and conditions along with tender clauses, which are exclusive for issuing RFQ.

ii) Part - II covers such provisions/clauses, which should be considered as per the relevancy for issuing RFP and Contract/PO, be it for indigenous or foreign.

iii) Part - III covers such provisions/clauses, which are applicable for indigenous procurement in exclusivity.

iv) Part - IV cover such provisions/clauses, which are applicable for foreign procurement in exclusivity.

The tender issuing Department may consider any contractual provision/clause, which is not provided in this **Annexure - 14** and is required as a special case for issuing specific tender or in case where it is required to make any modifications be it deletion/inclusion/change to any of the provision/clause, which is/are provided herein, subject to such modification does not affect the basic structure of the provision/clause, originally what it means.

While selecting relevant clause/s from Part - I to Part - IV, there is a necessary to ensure all needful aspects such as the purpose of usage etc., for preparing RFP or RFQ or PO or Contract, the relevant clause/s need to be appropriately selected from respective Part/s.

Further to selection of relevant clause/s from Part - I to IV as per above para, the Tendering Department may consider the provisions relating to Specifications (technical), Essential/Desirable/Performance parameters, Quantity, Quality, any other relevant formats etc., for preparing RFP or RFQ.

PART – I: Tender Clauses

1 Tender Due Date:

The due date for submission of quote is _____ (date/time) at _____ (postal address & place to be informed). Submission of Bid if called for can also be done through e-mail having e-mail ID_____ _____(to be specified).

2 Validity of the Quotation:

Price quoted should be net and unless otherwise specified should remain valid for HAL acceptance for a minimum of 120 days from the closing date of enquiry and the materials of offered should be perfectly kept under provisional reservation for this quotation.

3 Submission of Bid:

a) The bidder is required to submit bids directly to HAL either through post/courier/drop in sealed cover with clear marking of bidder details. The cover should be marked with tender no., due date

and bidders postal address. Response received, without bearing the bidder address will not be entertained. Bid submitted by bidder's authorized dealer/ distributor/ channel partner should accompany with signed or scanned copy of signed authorization letter of the bidder to whom tender has been originally issued. In the absence of authorization letter, the bids submitted shall be considered as unsolicited.

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 if it is in the tender through email. However, unsigned copy of bid received through email/Manual offers will not be considered in Limited/Open tender.

c) Response to bid through e-Procurement portal/ GeM portal should be uploaded in the e-Portal/ GeM portal respectively.

d) Submission of Bid in two bid system in manual mode:

i) In response to tender in two bid system, the bidders are required to submit technical bid and commercial bid separately. Each bid will be put in separate sealed cover marked with tender No., due date and indicated as technical bid or commercial bid as the case may be. Both sealed covers will be put in a single cover, which will again be sealed and superscribed with tender no. and due date.

ii) 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) Bid received with technical bid and commercial bid in open condition inside one envelope will be rejected.

iv) Submitting only one bid with rates and technical details as a single bid will be rejected.

Apart from the above, the below provision/clause may be considered in case of Indigenous, if applicable:

(Note the below point (e) may be considered in addition to above provisions of clause 3 "Part - I" before including in the RFP/Tender)

e) In case of bid documents are bulky and cannot be dropped in the tender box, the same can be handed over to _____ (name) _____ (designation).

4 Late Bid:

a) Bid received after the due date and time specified in the tender shall be considered as Late Bid and will not be considered.

b) HAL will not be responsible for loss or delay in receipt of Bid documents/ Bid in transit.

c) HAL will not be responsible for inability of bidder to upload the Bid documents in e-procurement portal.

d) HAL reserves the right to reject late or incomplete bid.

5 Opening of Tenders issued in Manual mode:

a) Tender will be opened on _____(date/time) at_____(postal address & place to be indicated). Bidders or their authorized representatives, who are desirous to attend the tender opening may forward written confirmation with name of authorized person and designation prior to tender opening.

b) During tender opening only the important particulars like price, payment and delivery terms will be read out.

6 Tender Evaluation:

a) *(Conditions to be included if required)*

The tender will be evaluated on _____ (package-wise or line item basis *to be indicated by HAL*).

b) Bid with lowest price conforming to the specification will be considered for placement of order.

c) *(Conditions to be included if required)*

In addition to price any other criteria if to be adopted the most advantageous bid ascertained on the basis of criteria specified in the enclosure_will be considered. To be indicated by HAL.

d) If the bidder considers that tendered quantity is small, the bidder may quote for Minimum Ordering Quantity (MOQ). Commercial evaluation in this case will be done on MOQ x unit price, if MOQ offer beyond 20% of RFQ quantity.

e) If two or more bidders quote the same price, HAL reserves the right to seek revised offer from the same bidders and placing order on revised L-1 offer. If same situation prevails then HAL reserve the right to place order on any of them.

f) *(Conditions to be included if required)*

If the lowest bidder has not offered full quantity, for the balance quantity HAL reserves the right to source from other bidders on L1 price.

g) *(Conditions to be included if required)*

To have parallel source of supply, the order may be spilt to 2 or 3 sources subject to other bidders agreeing for L-1 price. The distribution of quantity among the bidders will be as per the proportion (*to be decided by HAL*) given below:

Qty. distribution among L-1 : L-2 in proportion x% : y%

or

Qty. distribution among L-1 : L-2: L-3 in proportion x% : y% : z%

h) Conditional discounts will not be considered in evaluation of tender.

i) In respect of two bid system, technical bid will be opened on the tender opening date. After technical evaluation, the Commercial bids of those bidders who are technically acceptable will be opened.

The below additional provision may be considered in case of Indigenous:

j) Applicability of the Taxes (IGST/CGST etc.) should be explicitly indicated by the bidder in his response either in percentage or in absolute terms. In the absence of this input the offer would be considered all inclusive.

The below additional provision may be considered in case of Foreign:

k) Bid received in different currency will be converted to Indian Rupees. The TT selling rate for foreign currency exchange rate for conversion will be adopted as per the ____ Bank _____ Branch in India as on date of tender opening.

7 Integrity Pact:

(If the present estimated order value is Rs 5 Crore or more (or such amount as amended from time to time), IP is applicable).

(Below clause is required to be included in RFP/RFQ)

(i) Integrity Pact (IP) as per HAL format enclosed shall be duly ink signed by the bidder along with the witnesses. Failure to sign Integrity Pact as per HAL's standard format may lead to rejection of offer. In case of submission of offer through e-portal, scanned copy of the signed Integrity Pact also need to be

submitted along with your offer and in parallel, the hard copy of original signed IP should reach HAL by post. The submission of Integrity Pact without deviation is a mandatory requirement.

(ii) It is requested to forward the original signed Integrity Pact (as per HAL format enclosed at Annexure ____) to the following Contact Person and Address:

Address of the Division/Dept. :_____

Contact Person Name/Designation : _____

Tel No. : _____

(iii) In respect of IP and its monitoring authority i.e. the Independent External Monitor (IEM), who is appointed by HAL, in line with the communication received from Central Vigilance Commission (CVC). The present IEM/s is/are:

1. Name : _____

   E-mail ID : _____

2. Name : _____

   E-mail ID : _____

(iv) The bidder may approach the IEM nominated only for IP related issues. Any other specific clarifications/query/status with reference to tender and request for validity, extension of the tender etc., should be forwarded to concerned tender issuing HAL Officer.

(v) Both Omnibus IP and Standalone IP formats are enclosed with RFQ/RFP. In case if Bidder has already signed Omnibus IP with any other Divisions of HAL and validity of the same exists for this contract period, then Bidder may forward the copy of the same. If Omnibus IP is not signed, then Bidder may choose to execute either of the IP formats i.e. Omnibus IP or Standalone IP.

(The below IP clause to be included in the Contract/PO, if both parties executed the IP:)

"HAL and Vendor hereby acknowledge that they have executed/signed the Integrity Pact."

8 Conflict of Interest:

Any bidder having a conflict of interest, which substantially affects fair competition, shall not be eligible to bid in this tender. Bids found to have a conflict of interest shall be rejected as nonresponsive. A bidder in this Tender Process shall be considered to have a conflict of interest if the bidder:

a) directly or indirectly controls, is controlled by or is under common control with another Bidder; or

b) receives or have received any direct or indirect subsidy/ financial stake from another bidder; or

c) has the same legal representative as another bidder for purposes of this bid. A Principal can authorize only one representative, and the representative also should not represent or quote on behalf of more than one Principal. However, this shall not debar more than one Authorised distributor from quoting equipment manufactured by an Original Equipment Manufacturer (OEM), in procurements under Proprietary Article Certificate; or

d) has a relationship with another bidder, directly or through common third parties, that puts it in a position to have access to information about or influence the bid of another Bidder or influence the decisions of the Procuring Entity regarding this Tender process; or participates in more than one bid in this tender process; or

e) Participation in any capacity by a Bidder (including the participation of a Bidder as sub-contractor in another bid or vice-versa) in more than one bid shall result in the disqualification of all bids in which he is a party. However, this does not limit the participation of a non-bidder firm as a sub-contractor in more than one bid; or

f) would be providing goods, works, or non-consulting services resulting from or directly related to consulting services that it provided (or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm), for the procurement planning (inter-alia preparation of feasibility/ cost estimates/ Detailed Project Report (DPR), design/ technical specifications, Terms of Reference (ToR)/ Activity Schedule/ schedule of requirements or the Tender Document etc.) of this Tender process; or

g) has a close business or family relationship with a staff of the Procuring Organization who:

   i) are directly or indirectly involved in the preparation of the Tender document or specifications of the Tender Process, and/or the evaluation of bids; or

   ii) would be involved in the implementation or supervision of resulting Contract.

h) In cases of authorised distributors quoting on behalf of their principal manufacturers, an authorised distributor cannot represent two manufacturers or quote on their behalf in a particular tender enquiry. There can be only one bid from the following:

   i) The principal manufacturer directly or through an authorised distributor on his behalf; and

   ii) Authorised distributor on behalf of only one principal.

9 Parallel Arrangement:

Any Order awarded to the successful bidder as a result of this tender, will be on non-exclusive basis. HAL reserves the right of entering into parallel contract(s)/ release parallel Order(s) with any other firms now or hereafter.

10 Goods and Services Tax (GST):

I. GST Registration Status:

   i) All the Bidders should ensure that they are GST compliant and their quoted tax structure/ rates as per GST Act/ Rules. Bidder should be registered under GST and furnish GSTIN number and GST Registration Certificate in their offer unless they are specifically exempted from registration under specific notification/ circular/ section/ rule issued by statutory authorities.

   ii) GST Registration Number (15-digit GSTIN):

   If the bidder has multiple business verticals in a state and has separate registration for each vertical, the GSTIN of each vertical is concerned with the supply and service involved, as per the scope of Schedule of Requirements and Price Schedule quoted. If the supply/ service provided is from multiple states, the bidder should mention GST registration numbers for each state separately.

   iii) Composition scheme:

   If the Bidder has opted for a composition levy under Section 10 of CGST, he should declare the fact while bidding along with GSTIN and GST registration certificate.

   iv) Exemption from Registration:

   If a bidder is not liable to take GST registration, i.e., having turnover below threshold, he shall submit undertaking/indemnification against tax liability. Bidder claiming exemption in this respect shall submit a valid certificate from practising Chartered Accountant (CA)/ Cost Accountant with Unique Document Identification Number (DIN) to the effect that Bidder fulfils all conditions prescribed in notification exempting him from registration. Such bidder/ dealer shall not charge any GST and/ or GST Cess in the bill/ invoice. In such case, applicable GST shall be deposited under Reverse Charge Mechanism (RCM) or otherwise as per GST Act by the Procuring Entity directly to concerned authorities. Bidder should note that his offer would be loaded with the

payable GST under the RCM. Further, Bidder should notify and submit to the Procuring Entity within 15 days from the date of becoming liable to registration under GST.

II. HSN Code and GST Rate:

i) HSN (Harmonized System of Nomenclature) code for the goods provided in this Tender Document is only indicative. It shall be the responsibility of Bidder to ensure that they quote the exact HSN Code and corresponding GST rate for the goods being offered by them.

ii) As per the GST Act, the bid and contract must show the GST Tax Rates (and GST Cess if applicable) and GST Amount explicitly and separate from the bid/contract price (exclusive of GST). If the price is stated to be inclusive of GST, the current rate included in the price must be declared by the bidder.

iii) If a Bidder asks for GST (and GST Cess if applicable) to be paid extra, the rate and nature of such taxes applicable should be shown separately. Bidders should quote 'GST' if payable extra on the total basic rate of each cost element and quote GST in '%' inclusive of cess.

iv) If GST, other taxes, duties are not specified, or column is left blank in the price schedule, it shall be presumed that no such tax/ levy is applicable or payable by the Procuring Entity.

v) The supply of commodities or services or both, if imported into India, shall be considered as supply under inter-state commerce/ trade and shall attract integrated tax (IGST). The IGST rate and GST cess shall be applicable on the 'Custom Assessable Value' plus the 'Basic Customs duty applicable thereon'.

11 *Deleted*

12 Eligible Goods & Services:

a) **Country of Origin:**
The term "origin" used in this clause means the place from where the Services (and incidental Goods, including subcontracted components) are arranged and delivered, or manufactured.

b) **Bidder's country which shares a land border with India:**
(Note: For details please refer HAL ***Circular no. HAL/CD/617(GFR-Rule144(xi))/2020/444 dt.04-09-2020****. The appropriate Appendix i.e. Appendix-A (Type I & II) & Appendix-B (Type I & II), may be considered for inclusion along with RFQ/RFP).*

Any bidder from a country, which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority (i.e. the registration committee constituted by the Department for Promotion of Industry and Internal Trader (DPIIT). However, the bidders from those countries (even if sharing a land border with India) to which the Government of India has extended lines of credit or in which the Government of India is engaged in development projects are not required to register with Competent Authority and will be eligible to bid in this tender.

Bidder from a country, which shares a land border with India, for the purpose of this Order means:-

i) An entity incorporated, established or registered in such a country; or

ii) A subsidiary of an entity incorporated, established or registered in such a country; or

iii) An entity substantially controlled through entities incorporated, established or registered in such a country; or

iv) An entity whose beneficial owner is situated in such a country; or

v) An Indian (or other) agent of such an entity; or

vi) A natural person who is a citizen of such a country; or

vii) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above.

Unless otherwise stipulated in the Contract, country of origin of 'Services' and related 'Goods' under the contract shall have their origin in India or other countries and must conform to the declaration, made by the Vendor in its bid regarding but not limited to any restrictions on certain countries with land-borders with India.

The successful bidder shall not be allowed to sub-contract works to any vendor from a country, which shares a land border with India unless such vendor is registered with the Competent Authority.

c) **Minimum Local Content:**
*(Note: For details please refer HAL **Circular no. HAL/CD/617(PPP-MII-Rev-4)/2021/ 659 dt.27-01-2021**.)*

Minimum Local content (Make in India Policy):

The 'local content' requirement to categorize a Vendor as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier', the 'local content' requirement is minimum 20%. Nodal Ministry/ Department may prescribe only a higher percentage of minimum local content requirement to categorize a Vendor as 'Class-I local supplier'/ 'Class-II local supplier'. For the items, for which Nodal Ministry/ Department has not prescribed higher minimum local content notification, it shall be 50% and 20% for 'Class-I local supplier'/ 'Class-II local supplier' respectively.

Vendor's status as MSEs:

It is relevant to note that as per Government of India direction, the aspect of MSEs policies also included in the tender and the same is covered in the other terms & conditions which are part of RFQ. The aspect as indicated below would be applicable for procurement which falls under divisible category (i.e., not applicable for indivisible category).

- If any Indian vendor satisfies the requirement of MSEs stipulation and also falls within the purchase preference margin as called for in MSME policy (in case of matching L1 price) will be considered for ordering 25% of tendered quantity. The balance quantity/works will be considered for distribution amongst all bidders (including MSEs) as per this subject purchase preference policy.
- In case no MSEs qualifies for purchase preference or do not match with L1 price then the total tendered quantity will be distributed amongst all bidders as per this subject purchase preference policy.

That the bidder has to indicate MLC as part of offer & Self Certificate and Auditor might have also indicated MLC as per their certification. In case there is difference in those values, the lowest of them will be considered as the applicable MLC & the offer will be dealt accordingly. Other MLC information will be treated as invalid.

13 Earnest Money Deposit (or Bid Security) (If applicable):

a) EMD for a value of Rs_____ to be submitted in the form of DD/ Banker's Cheque/ Pay Order/ Bank Guarantee of Scheduled Bank (to be specified). EMD should be valid for 28 days beyond the validity of the bid. EMD can be sent through SWIFT/ Wire Transfer to HAL Account No. _____ (to be indicated).

b) Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form in original shall be summarily rejected.

c) EMD will not carry any interest for the period it is retained with HAL. EMD will be forfeited if a bidder withdraws, amends, impairs and/or derogates within validity period.

d) Bidders exempted from submission of EMD as per Govt. of India directives must submit certified copy

of Govt. of India authority for such exemption in lieu of EMD.

e) EMD of unsuccessful bidder will be returned within 15 working days of completion of technical evaluation or within 15 working days of determination of successful bidder (as the case may be).

f) In case of two bid system EMD in original form should be enclosed along with the technical bid. Technical bid without EMD in original form will be rejected.

Earnest Money Deposit for Foreign Bidders (If applicable)**:**

g) EMD remittance document, either in Indian currency or any other convertible currency of the specified amount, can be arranged by the Indian subsidiary/branch office in India of a foreign bidder which shall be submitted along with a certificate confirming the relationship of subsidiary/branch office in the bidder's offer.

14 Non-conformities between Figures and Words:

In case of non-conformities/errors are observed in responsive bids between the quoted prices in figures and in words. This situation normally does not arise in case of e-Procurement. This should be taken care of in the manner indicated below:

i) If, in the price structure quoted for the required goods, there is discrepancy between the unit price and total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly;

ii) If there is an error in a total corresponding to the addition or subtraction of sub-totals, the sub-totals shall prevail and the total shall be corrected; and

iii) If there is a discrepancy between words and figures, the amount in words shall prevail.

Such a discrepancy in an offer should be conveyed to the bidder asking him to respond by a target date and if the bidder does not agree to HAL's observation, then the bid is liable to be rejected.

15 The Bidder/s agrees to submit such document/s like submission of Integrity Pact/supporting additional documents etc., if required or as called for in RFQ, subsequent to opening of the Bid and before finalizing the contract or PO, depending upon the then circumstances and decision of HAL. Any failure to submit such document/s or Integrity Pact in HAL given format, shall amount to rejection of the Bid, which decision shall be at the discretion of HAL.

PART - II: (for issuing RFP and Contract/PO, both for Indigenous and Foreign)

A. Bank Guarantee Clauses:

1 Security Deposit: *(Optional applicability if RFQ calls for):*

Wherever applicable the successful vendor, shall have to deposit _____% 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 HAL from a schedule bank in India/ bank of international repute (for Foreign vendor), 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 HAL.

In case, quotes received without indicating the break-up details of GST, ED 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).

a) In case the contract is not executed to the entire satisfaction of HAL the security deposit shall be forfeited.

b) No claim will be entertained against HAL either in respect of interest, if any due on the security deposit or depreciation in value.

c) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.

d) In case the vendor fails to submit the requisite Security Deposit within the stipulated time or any extended time, it may be treated as a withdrawal of an offer by the L1 bidder, and the case may be retendered, besides taking necessary punitive actions including forfeiture of EMD, deregistration and debarment of such Vendors.

2 Performance Bank Guarantee:

Vendor shall furnish a Performance Bank Guarantee as per HAL's format (enclosed) for _____% 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 vendor) from the date of acceptance.

Performance Bank Guarantee for Indigenous *(Optional, applicable only 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.

Performance Bank Guarantee for Foreign *(Optional, applicability only 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 bank of international repute.

B. Clauses with regard to Supplies:

1 Supply of Samples:

Samples submitted for any reasons shall be supplied without charge and freight paid and without any obligation on HAL as regards safe custody. All samples submitted must be clearly labeled with the Vendor's name and address and tender number. If the Vendor submits the samples with his bid the same shall not govern the standard of supply except when it has been specifically stated in the Purchase Order that it is accepted instead of any sealed pattern. Should certified samples be lent to a Vendor by HAL, the Vendor is responsible for the return in perfect order of all certified samples with the labels intact.

2 Packing:

The Vendor will be held responsible for the stores being sufficiently and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or injury on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the vendor. Each package shall contain a Packing Note quoting Purchase Order number and date showing its contents in detail. Each shall be properly marked with Purchase Order No., Consignee's name & address, package-handling instructions etc. The package shall have adequate provision for handling during transit.

3 Receipt & Despatch:

The Vendor is responsible for obtaining a clear receipt from the Transport Authorities specifying the goods dispatched. He will not book any consignment on a said to contain' basis. If he does so, he does it on his own responsibility. HAL will take no responsibility for short deliveries or wrong supply of goods when the same are booked on said to contain' basis. HAL shall pay for only such stores as are actually received by them in accordance with the contract.

4 Quantity:

a) The quotation must be in the unit in which the quantity is indicated in the enquiry. If it is otherwise, conversion data must be furnished.

b) HAL reserves the right to order quantity less than indicated in the enquiry/ quoted for by bidder, at the prices quoted, without any reference to the bidder.

c) For the Raw materials (in forms of bar, sheet, wires etc.) (applicable for RFQs for raw material) Qty. tolerance ± 10% acceptable.

5 Quality & Workmanship:

1) Generally the stores shall be of the best quality and workmanship. Vendor shall comply with the contract in all respects be to the satisfaction of HAL. Where tenders are called for in accordance with 'particulars', the vendor's bids to supply in accordance with such `particulars' shall be deemed to be an admission on his part that he has fully acquainted himself with the details thereof and no claim on his part which may arise on account of non-examination or insufficient examination of the 'particulars' will in any circumstances be considered. The vendor shall supply the stores in accordance with the 'particulars' unless any deviation is authorised as an exception expressly specified in the Purchase Order.

2) The Stores/Goods supplied shall conform to the standards, if mentioned in the Technical Specifications, or, where no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the concerned institution.

6 Inspection, Consequences of Rejection:

The goods on receipt in HAL will be subject to inspection and tests, if necessary and HAL inspector's decision as regards acceptance/rejection of goods shall be final and binding between the parties. (In case of Plant & Machinery, goods shall be finally inspected & accepted only after successful commissioning)

If any stores are rejected, then HAL shall be at liberty to:

a) Either:

i) Allow the vendor to re-submit stores in replacement of those rejected within a time specified by HAL, the vendor bearing the cost of freight in such replacement without being entitled to any extra payment, (or)

ii) Buy the quantity of stores rejected or other of a similar nature elsewhere at the risk and cost of the vendor without effecting the vendor's liability as regards the supply of any further consignments due under the contract, (or)

iii) Terminate the contract and recover from the vendor the loss HAL may thereby incur. The vendor shall not be entitled to any gain on the repurchase,

b) Any stores rejected by HAL's Inspector must be removed by the vendor within 14 days from the date of receipt of intimation of rejection and at his own cost, failing which the vendor shall be liable to pay storage charges at 1% for each day of delay on the invoice value of the stores. If the stores are not removed within a month from the date of intimation of rejection, the stores will be liable, to be sold by HAL at the vendor's risk and responsibility and the proceeds adjusted towards storage charges.

c) In case any payment is made against delivery and it is found that the supplied item is rejected during inspection/commissioning, vendor will be required to choose any one of the following options to collect the rejected item for replacement:

i) Refund the amount paid and collect the item for replacement.

ii) Submit a Bank Guarantee for the amount already paid and collect the item for replacement.

iii) Bring the replacement item to HAL and collect the rejected item.

7 Supply of Alternative Item:

In case bidder is quoting for an alternative part number it should be confirmed that the offered part is fully interchangeable with the required part. Applicable descriptive literature/ catalogue if any may please be enclosed by the bidder with offer (at least two copies).

8 Shelf Life:

Where stores offered have a limited shelf-life, kindly indicate the life involved and confirm that in the event of an order from us, only newly manufactured stores with the maximum possible shelf-life at the time of dispatch will be offered for shipment. In respect of rubber items such as seals etc., having curing date, the item should not have been manufactured earlier than 6 months of dispatch.

9 Deliveries, Consequences of Breach:

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 Vendor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, HAL shall be entitled at their option:

a. To recover from the Vendor as per liquidated damages, and not by way of penalty, a sum of 0.5% of the price of any stores which the vendor 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 (or)

b. To purchase elsewhere, with or without notice to the Vendor on the account and at the risk of the Vendor, the stores not delivered or others of a similar description (where other exactly complying with the particulars are not available), HAL's decision in this respect will be final (or)

c. To terminate the contract in the event of action being taken under Para – (a) & (b) above, the Vendor shall be liable for any loss which HAL may sustain on the account, but the Vendor shall not be entitled to any gain on repurchases made against default.

10 Extension of Time:

If an extension is desired by the Vendor, then Vendor shall apply for extension of time to HAL at least 15 days prior to the date of delivery without prejudice to the rights of HAL, then HAL may grant extension of time for any cause which HAL may deem proper and the decision of HAL in this respect to be final and binding and cannot be questioned in any manner whatsoever.

11 Training/ Factory Acceptance Test:

Vendor shall impart free training to HAL Personnel in the area of programming, operation, mechanical maintenance and electronic/electric maintenance at Vendor's work and also during commissioning. Further boarding, lodging & travel of HAL's personnel shall be borne by HAL.

12 Plant and Machinery Supplies:

Where Plant and Machinery, requiring inspection and test after erection at site if the completed plant or any portion thereof before it is taken over, is defective or fail to fulfill the requirements of the contract, HAL shall give the vendor notice setting from details of such defects or failures and the vendor shall forthwith make the defective plant good to make it comply with the requirements of the contract. Should Vendor fail to do so within a reasonable time, then HAL may reject and replace at the cost of the vendor the whole or any portion of the plant and machinery, as per the requirements of the contract, all such replacement shall be carried out by HAL, within a reasonable time, at reasonable price and where reasonably possible, to the same particulars under competitive conditions.

13 Repeat Order:

HAL reserves the right to place repeat Order up to 100% of the value of the original order (statutory levies shall be paid as applicable) within 12 months from the date of completion of the original order. The prices, terms and conditions of the repeat order shall be the same as that of the original. However, placement of repeat order is not guaranteed and this will be at the sole discretion of HAL.

(Note : The below repeat order provision/clause can be included in addition to the above para, if the original order placing Division/Office is sure that the other Divisions/Offices of HAL may utilize the existing repeat order clause in future)

"Repeat Order can be placed by any Division/Office of HAL including the Division/Office which has originally placed the purchase order.

14 The Vendor need to comply with sustainability criteria and legal requirements of environment or pollution control and other mandatory and statutory regulations or internal guidelines, if any, applicable from time to time, for the goods/services under procurement.

C. Product Support Clauses:

1 Product Support/ Obsolescence:

Considering that the requirement is spread over __ years, it is requested to ensure that there should not be any obsolescence issue not only in terms of items but in terms of technology also in the next 30 years. In case of obsolescence, bidder should intimate HAL at least 3 years in advance about obsolescence and should also absorb the cost for overcoming the obsolescence and provide continuous support for the next 30 years.

HAL may be requiring various spares for the offered system/item in future. Exact requirement for the spare requirement will be intimated separately. Bidder to confirm that the cumulative price of all spares of item/system should not increase the unit cost of the item/system.

(Note: The duration of the support (i.e. 30 years) may be reduced by the Buyer in case Vendor disagrees or on need basis.)

2 Warranty:

Warranty shall be for a period of twelve calendar months, after the goods have been taken over by HAL, the vendor shall be responsible for any defects that may develop due to faulty materials, design or workmanship and shall remedy such defects at his own cost when called upon to do so by HAL who shall state in writing in what respect the portion is faulty. If it becomes necessary for the vendor to replace or renew any defective portion of the goods the vendor shall make such replacement or renewal without any extra cost to HAL.

During warranty minimum uptime of 95% shall be ensured failing which warranty period shall deem to be proportionately extended. During warranty period equipment shall be replaced/repaired free of cost including any to & fro freight/insurance involved. Vendor shall attend to warranty calls within ___ hours'/days' notice.

3 Post-Warranty Service:

Arrangements for after sales service and maintenance (authorized service centre) in India on site during warranty & post warranty period should be clearly indicated providing with name, address, phone, Mob no, email Id of the contact person, infrastructure along with spare parts inventory held by your Authorized Technical Service Center. The Vendor to indicate the validity period of authorization for the technical service center.

D. Clauses related to available Recourse for Breach by Vendor:

1 Liquidated Damages:

In the event of an order, we reserve the right to deduct a sum of 0.5% per week excluding taxes of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered/delayed part of the order.

2 Penalties for Misdemeanors:

(Note: The below sub clause (a) and (c) both are applicable before execution of the contract or placing of Purchase Order on a successful bidder and (b) shall be applicable only after execution of contract or placing of Purchase Order.)

Without prejudice to and in addition to the rights of the HAL to other remedies as per the Tender-documents or the contract, If the HAL concludes that a (prospective) bidder/ Vendor directly or through an agent has committed a misdemeanor in competing for the tender or in executing a contract, the HAL shall be entitled, and it shall be lawful on his part to take appropriate measures, including the following:

a) If Bidder/s bids are under consideration in any procurement:

   i) Enforcement of Bid Securing Declaration in lieu of forfeiture or encashment of Bid Security.

   ii) Calling off of any pre-contract negotiations, and;

   iii) Rejection and exclusion of Bidder from the Tender Process

b) If a contract has already been awarded:

   i) Termination of Contract for Default and availing all remedies prescribed thereunder;

   ii) Encashment and/ or Forfeiture of any contractual security or bond relating to the procurement;

   iii) Recovery of payments including advance payments, if any, made by the HAL along with interest thereon at the prevailing rate;

c) Remedies in addition to the above:

   In addition to the above penalties, the HAL shall be entitled for any of the following action/s, and it shall be lawful on his part to:

   i) File information against Bidder or any of its successors, with the Competition Commission of India for further processing, in case of anti-competitive practices;

   ii) Initiate proceedings in a court of law against Bidder or any of its successors, under the Prevention of Corruption Act, 1988 or the Indian Penal Code or any other law for transgression not addressable by other remedies listed in this sub-clause.

   iii) Remove Bidder or any of its successors from the list of registered Vendors for a period not exceeding two years. Vendors removed from the list of registered vendors or their related entities may be allowed to apply afresh for registration after the expiry of the period of removal.

   iv) Initiation of suitable disciplinary or criminal proceedings against any individual or staff found responsible.

   v) Debar a bidder/ Vendor from participation in future procurements without prejudice to HAL's legal rights and remedies. Debarment shall automatically extend to all the allied firms of the debarred firm. In the case of Joint Venture/ consortium, all its members shall also stand similarly debarred:

   HAL may debar a bidder or any of its successors from participating in any Tender Process undertaken by all its procuring entities for a period not exceeding two years commencing from the date of debarment for. HAL shall maintain such a list which shall also be displayed on their website.

   HAL may debar a bidder from participating in any Tender Process undertaken for a period not exceeding three years commencing from the date of debarment for misdemeanors. HAL shall maintain such a list which shall be circulated to all its Divisions.

3 Exit Clause:

Exit criteria: The contract/order may be terminated under the following circumstances:

i) In the event of unsatisfactory performance by the Vendor during the contract period, or any of the information provided by the Vendor is found to be untrue, or Vendor is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with ____ months advance notice without any financial implication to Buyer. Notwithstanding the foregoing, in cases where it is found that a Vendor is engaged in unethical practices, they shall be barred from participating in the future contracts for a period of __ years.

ii) If there is change in Buyer requirement, contract shall be terminated with ___ months advance notice. The liability of Buyer in this case will be agreed mutually. In the event of termination of contract by either party the Vendor shall ensure the following:

   a) IPR's are transferred to Buyer to enable Buyer to proceed on the work with other Vendor. Vendor also will render all assistance till the other Vendor fully take over the balance work. *(If applicable)*

   b) Transfer title and deliver all or any part thereof of the supplies, materials, work-in-progress, finished Products, Tooling, drawings and data produced or acquired by Vendor specifically for the Product being terminated.

   c) Supply of products and its components / spares at least for a period of ___ years from the date of such termination.

iii) The Vendor is declared bankrupt or becomes insolvent.

iv) The delivery of material is delayed due to causes of Force Majeure by more than (_____ months).

v) Based on the decision of the Arbitration Tribunal.

4 Termination for Default of Vendor or for other reasons:

HAL shall have the right to short close present Contract in part or in full by giving 1 month prior notice to the Vendor, in any of the following cases:-

a) The work is delayed or cancelled for causes attributable to force majeure.

b) The requirement is withdrawn by HAL's Customer.

c) The Vendor is declared bankrupt or becomes insolvent.

d) It is noticed that the firm has utilized the services of any agent to get the resulting Order and paid any commission to such agent.

e) As per decision of the Arbitration Tribunal.

f) In case any part of the Order is subcontracted by the Vendor without prior permission of HAL.

g) If the performance of the Vendor is not found satisfactory during the execution of work.

In any of the above stated case, no claim of damage etc., by the Vendor will be allowed.

(Note: In case if the Vendor is insisting to have a mutual Termination clause, where either of the Party can Terminate the RFQ's/contracts/PO's due to the default of the other, then the user may use the below clause, subject to the below clause not to be used in RFQ's/contracts/PO's voluntarily from our end.)

Termination for Default of Either of the Party *(*mutual termination**):**

Either of the Party shall have the right to short close present Contract in part or in full by giving 1 month prior notice to the other Party, in any of the following cases:-

a) The work is delayed or cancelled for causes attributable to force majeure.

b) The requirement is withdrawn by the end Customer.

c) Either of the Party is declared bankrupt or becomes insolvent.

d) It is noticed that either of the Party has violated/breached the Integrity.

e) As per decision of the Arbitration Tribunal.

f) Either of the Party has assigned the contract to a third party without prior permission from other party.

g) If the performance of either of the Party is not found satisfactory to the other Party during the execution of work.

In any of the above stated case, no claim of damage etc., by the defaulting Party will be allowed.

5 Insolvency:

If Vendor enters into liquidation, whether compulsory or voluntary (other than amalgamation or reconstruction with another party taking over all its rights as well as commitments) or becomes insolvent or suffers a receiver of the whole or part of its asset to be appointed,

i) Shall forthwith notify the same to HAL before initiating any liquidation process and HAL shall have the right without prejudice to his other rights or remedies to terminate the unexecuted part of this Contract.

ii) In such an event, HAL shall become entitled forthwith to get the refund within 30 days of all the advance payments received by Vendor and expenditure incurred by as a part of its obligations under this contract it has not fulfilled.

In such an event if applicable, Vendor is liable for return of any materials/items (including drawings, designs etc) to HAL, which are held at his end as a part of the obligations under this contract.

6 Indemnity:

The successful bidder/Vendor shall defend, indemnify and hold HAL harmless from and against all actions, causes of action, liabilities, claims, suits, judgment, liens, awards, damages of any kind and nature whatsoever and expenses and costs of litigation to the extent such claims arise out of infringement of any IPR, patent, copyright, trademark or involve wrongful use of trade secret or confidential information or negligence attributable to the Vendor.

7 Appropriation:

Whenever under this contract any sum of money is recoverable from any payable by the vendor, HAL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the vendor in this or any other contract entered by HAL as a whole its Divisions and Branch Offices etc., held by him alone or in partnership with others. Should this sum be not sufficient to cover the full amount recoverable, the vendor shall pay to HAL on demand the remaining balance due.

8 *Deleted*

E. Mandatory Clauses as per Ministry or Govt. of India:

1 Bribes and Gifts

Any bribe, commission, gift or advantage given, promised or offered by or on behalf of the Vendor or his parties, agent or servant or any one on his or their behalf to any officer, servant, representative or agent of HAL or any person on his or their behalf in relation to the obtaining or to the execution of this or any other contract with HAL shall in addition to any criminal liability which the Vendor may incur, subject to the Vendor to the cancellation of this and all other contracts with HAL and also to payment of any loss or damage resulting from any such cancellation thereof. Any question or dispute as to the commission of any offence

under the present clause shall be settled by HAL in such manner and on such evidence or information as they may think fit and sufficient and their decision shall be final and conclusive.

2 Immunity to Government of India

It is understood and agreed that the Government of India is not a party to this Contract/PO and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that HAL is an independent legal entity with power and authority to enter into contracts solely in its own behalf under the applicable Laws of India and General Principles Contract Law. The vendor shall agree, acknowledge and understand that HAL is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, vendor expressly waives releases and foregoes any and all actions or claims against the Government of India arising out of this contract, not to sue the Government of India as to any manner, claim, and cause of action or thing whatsoever arising out of or under this Contract/PO.

3 Agents/Agency Commission

(Note: HAL has not appointed/authorized any person/agent to deal with the vendors in respect of the said contract. In case, if someone claims and interacts with the vendors it shall be duty of the vendors to bring such instances to the notice of HAL Management).

The Vendor confirms and declares to the Buyer that the Vendor is the original manufacturer or authorized distributor/stockist of original manufacturer or Govt. Sponsored/ Designated Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs) of the stores referred to in this offer/contract/Purchase order and has not engaged any individual or firm, whether Indian or Foreign whatsoever, to intercede, facilitate or in any way to recommend to Buyer or any of its functionaries, whether officially or unofficially, to the award of the contract/purchase order to the Vendor; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Vendor 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 Vendor has engaged any such individual/firm, and paid or intended 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/ purchase order, the Vendor will be liable to refund that amount to the Buyer. The Vendor will also be debarred from participating in any RFQ/ Tender for new projects/program with Buyer for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract/ Purchase order either wholly or in part, without any entitlement or compensation to the Vendor who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract/ Purchase order along with interest at the rate of 2% per annum above Secured Overnight Financing Rate (SOFR) (for foreign vendor) and Marginal Cost of Funds-based Lending Rate (MCLR) of State Bank of India plus 2% per annum (for Indian vendor). The Buyer will also have the right to recover any such amount from any contracts/ Purchase order concluded earlier with Buyer.

4 Make In India

Considering the huge and continuous requirement, HAL suggests the successful bidder to explore the possibility of manufacturing of the offered items in India to promote Govt. of India's Make in India Policy. At this stage, HAL proposes to buy the systems/ items directly from the bidder for the firm requirement indicated above. However, for anticipated/future requirement, HAL requests successful bidder to submit the roadmap/proposal for HAL's review for manufacturing of the offered system/item in India by setting up manufacturing facility in India or through joint venture in India.

5 Fall Clause

The price quoted shall be in no event exceed the lowest price at which you sell the supplies or offer to sell supplies of identical description for similar quantity/terms to any person(s)/ organization including the

purchases by any department of the Govt. of India, the State Govt. or any statutory undertaking of the Govt. of India/ State Govt., as the case may be during the period till the completion of the performance of the order placed and during currency of the order.

If at any time during the said period, the vendor reduces the sales price, sells or offers to sell such supplies to any person/ organization including the purchaser or any department of Central Govt. or any Dept. of State Govt., or any statutory undertaking of the Central or State Govt., as the case may be at a price lower than the price chargeable under the contract, Vendor shall forthwith notify such reduction/ sale or offer to sale to the HAL and the price payable under the contract for the supplies supplied after the date of coming into force of such reduction or sale or offer to sale shall stand correspondingly reduced.

F. Dispute Resolution Mechanisms

1 Settlement of Disputes and Arbitration

a) Below clause is applicable to organizations other than PSUs/ DPSUs or MSEs or Foreign Vendors:

Amicable Settlement by way of Mediation:

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be settled by bilateral discussions initially.

If both parties wish to constitute a High-Level Committee (HLC) from external sources then preferably such committee may consist of a retired Judge or a retired High-Ranking officer and/or a technical expert in that disputed field for which both parties disputed.

The discussions shall be referred to a HLC of experts from internal or external sources, constituted by both parties to mediate on the existing difference or dispute between the Parties. Any dispute, which cannot be settled amicably, within 90 days or till such date/period as mutually extended from the date on which both Parties constitutes the HLC and the same is not covered in Arbitration proceedings also, then such dispute, disagreement or question which exists, shall be referred for adjudication by the Courts.

The Committee internal or external may contain sole or such odd numbers where one member shall be the Presiding officer of the mediation process and committee shall be well versed in the field of mediation.

Any settlement agreement arrived through above Mediation process requires prima facie approval of Competent Authority of HAL (on behalf of HAL) before parties signing such settlement agreement or it becomes final.

Each party shall bear its own cost of preparing and presenting its case. The cost of Mediation including the fees and expenses of the Mediators shall be shared equally between the Parties, unless otherwise agreed in mediation.

Except as may be required by law, neither a party nor its representatives may disclose the existence, content, or results of any mediation hereunder without the prior written consent of other party.

Arbitration:

(Note: Arbitration shall be invoked if the value of the disputed claim is less than Rs 10 Crore only)

The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 and its subsequent amendments from time to time. The award of such Arbitration shall be enforceable in Indian Courts only. The arbitration tribunal shall be consisting of Sole Arbitrator, who shall be nominated by both parties mutually within one (1) month from the date of invoking Arbitration clause by the effected party, failing which the Arbitrator may be nominated under the provisions of Indian Arbitration and Conciliation Act, 1996 and its subsequent amendments from time to time.

In case if both Parties agree for an Arbitration Tribunal consisting of three Arbitrators, then out of three Arbitrators two Arbitrators shall be appointed by each party to the Contract and the so appointed two Arbitrators shall jointly appoint the third Arbitrator who shall be the Presiding officer.

In the event of a vacancy caused in the office of the Arbitrator, the party/parties which/who nominated such Arbitrator shall be entitled to nominate another in the place of retiring/outgoing Arbitrator and the arbitration proceedings shall continue from the stage they were left by the retiring Arbitrator.

The seat of Arbitration shall be at ____ (*Division should indicate the place*), India and the language of the Arbitration shall be English. The award of the Arbitration shall be final and binding between the parties to this Contract/PO.

Each party shall bear its own cost of preparing and presenting its case. The cost of Arbitration including the fees and expenses of the Arbitrator shall be shared equally between the Parties, unless otherwise awarded by the Arbitration Tribunal.

Except as may be required by law, neither a party nor its representatives may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of other party.

b) Applicable only for MSEs:

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 provides parties to a dispute (where one of the parties is a Micro or Small Enterprise) to be referred to Micro and Small Enterprises Facilitation Council if the dispute is regarding any amount due under Section 17 of the MSMED Act, 2006. If a Micro or Small Enterprise, being a party to dispute, refers to the provisions in MSMED Act 2006, these provisions shall prevail over the Indian Arbitration and Conciliation Act, 1996.

c) Settlement of Disputes and Arbitration with PSUs/ DPSUs:

(Note: May also refer below guidelines:

a) DPE D.O. No. 15(9)/86-BPE(Fin) dt. 29-03-1989

b) HAL Commercial Circular vide no. 59, dt. 25-08-1989

c) O.M. No. 334774/DoLA/AMRD/2019 dt. 31-03-2020

d) HAL CO Circular vide no. HAL/HR/24(9)-2/2022 dt. 26-12-2022)

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/ Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), such disputes or differences shall be taken up by either party for resolution through AMRCD (Administrative Mechanism for Resolution of CPSE's Disputes) as mentioned in DPE **OM No. 05/0003/2019-FTS-10937 dated 14-12-2022** and the decision of AMRCD on the said dispute will be binding on both the Parties.

d) Settlement of Disputes and Arbitration for Foreign Vendors:

Amicable Settlement:

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be settled by bilateral discussions.

In case of technical disputes involving confidential matters, the issue shall be referred to a high level technical authority for each party, appointed for this purpose.

Any dispute, which cannot be settled amicably as above, within 60 days from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, shall be settled by Arbitration.

Arbitration:

The arbitration tribunal shall be consisting of sole arbitrator. The 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 arbitrator may be nominated and Arbitration shall be conducted under the provisions of Indian Arbitration and Conciliation Act, 1996 or by dispute resolution institution like International Centre for Alternative Dispute Resolution (ICADR) or India International Arbitration Centre (IIAC).

The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 and its subsequent amendments from time to time. The law applicable to conducting Arbitration shall be Indian Laws.

The Arbitration Tribunal shall have its seat in India. The language of the arbitration shall be English. The award of the Arbitration shall be final and binding between the parties to this Contract/PO. The award of such Arbitration shall be enforceable in Indian Courts only.

Each party shall bear its own cost of preparing and presenting its case. The cost of Arbitration including the fees and expenses of the arbitrator shall be shared equally by the Vendor and the HAL, unless otherwise awarded by the Arbitration Tribunal.

Except as may be required by law, neither a party nor its representatives may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of (all/both) parties.

(Note: In case, the Foreign Vendor doesn't agree for above Arbitration clause with Indian Law and the vendor insists for a neutral country law, then below clause need to be included in the Contract/PO in place of above clause.)

The Arbitration Tribunal shall be consisting of sole Arbitrator. The 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 arbitrator may be nominated and conduct the Arbitration in accordance with the Rules of the ICC International Court of Arbitration (ICA).

The seat and place of any such arbitration will be in Paris, France and the language of the Arbitration will be English. The award of the Arbitration shall be final and binding on the parties to this contract/PO.

Each party shall bear its own cost of preparing and presenting its case. The cost of Arbitration including the fees and expenses of the arbitrator shall be shared equally by the Vendor and HAL, unless otherwise awarded by the Arbitration Tribunal.

Except as may be required by law, neither a party nor its representatives may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

2 Supply and Payment during Arbitration:

Supply under the contract shall if reasonably possible continue by mutual agreement during the Arbitration proceedings and no payment due to or payable by HAL, will be withheld without reasonable cause and merely on account of the pendency of such proceedings.

3 Jurisdiction and Governing/Applicable laws:

The Court at Bangalore/place of Division only shall have jurisdiction to deal with and to decide any legal matter whatsoever arising out of this contract.

This contract shall be governed by and subject to and interpreted and construed in accordance with the Laws of Republic of India, which are in force from time to time.

Nothing in this contract shall entitle the Parties to this contract to exercise the rights, privilege and powers conferred under this contract in any manner which will contravene the Laws of India.

G. Payment related clauses:

(Note: Divisions may consider appropriate Payment clause/terms which suits their PO requirement (as negotiated with Vendor). Payment obligations need to be brought out clearly without giving any future ambiguity or interpretation.)

1 Payment terms in RPQ/PO applicable for MSMEs

*(Note: As per HAL **Circular no. HAL/CD/617(TReDS)/2022/1293 dt.12-10-2022**, in case of issuing any RFP/RFQ where "MSME Vendor" is also invited to bid, then it is suggested to include the below provision)*

HAL is registered on TReDS platform (Trade Receivable Discounting Systems), as being promoted by GOI directives. It is suggested that all the MSME Vendors to take note of the same and consider for registration on any TReDS platform and avail the platform services which is being made available as per Government initiative.

2 Firm Prices

The contract prices will be firm and fixed as per contract terms till execution of contract and exclude subsequent claims or price increases of any kind.

3 Payment For Stores/Supplies:

Unless otherwise agreed to between the parties, HAL will effect payment for the delivery of the stores by Electronic Bank Transfer (ECE/RTGS) to the Vendor's bank account as notified to HAL on submission of bills in triplicate. Payment for the stores on each delivery will be made to the vendor after goods are received and passed by inspection. Normally 30 days will be allowed for inspection after receipt of goods.

4 **Statutory Variation Clause**:

Unless otherwise stated in the contract, statutory increase in applicable GST rate only during the original delivery period shall be to Procuring Entity's/Buyer account. Any increase in the rates of GST beyond the original completion date during the extended delivery period shall be borne by the Vendor. The benefit of any reduction in GST rate must be passed on to the Procuring Entity/Buyer during the original and extended delivery period. However, GST rate amendments shall be considered for quoted HSN code only, against documentary evidence, provided such an increase of GST rates takes place after the last date of bid submission.

H. Confidentiality and IPR related clauses

1 Confidentiality (*general clause*)

The Vendor shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Vendor or on behalf of the Vendor and shall not reproduce any such technical data or information or divulge the same to any third party without prior written consent of the Vendor except as far as may be necessary for either party to carry out its obligations under this Contract.

The below clause may be considered in case of Indigenous Vendors:

(Note: the below part of clause for Indigenous tenders which is to be included in addition to clause 1 Confidentiality (general))

In the development orders, where technical inputs/assistance is provided to the vendors, the Intellectual Property Rights (IPR) will rest with HAL. Vendor will not directly deal with HAL's customer for these items.

Confidentiality clause for Data Sharing with Sub-contractors:

(To mandatorily include in all such cases where related data/information defence, drawings etc., are shared as a part of tender/ Purchase Order/ Contract including for subcontract works)

For the purpose of this Tender/Contract/Agreement, the Bidder/Vendor shall not store, copy or disclose HAL's data and information whether in written, machine readable or other tangible form or disclosed orally, that is of value to HAL. Also, Bidder/Vendor agrees to use HAL's data only for the purpose under this Tender/Contract/Agreement, restrict disclosure to any other person or entity or third party and shall safeguard the provided data including from cyber security risks etc. Bidder/Vendor should promptly return within 90 days HAL's data in original media and should not keep HAL's data, upon expiry of Tender/Contract/Agreement or early termination of Contract/Agreement and certify that HAL's data has been deleted permanently.

Non-adherence to this confidentiality clause by the Bidder/Vendor shall be treated, as a material breach of this Tender/Contract/Agreement.

The provisions of this clause shall survive and remain in force notwithstanding the termination or expiry of this Contract/Agreement.

2 IPR for Development Activities & Infringement of Third Party IPR:

(Note: In the development orders, where technical inputs/assistance is provided to the vendors/OEM, the Intellectual Property Rights (IPR) will rest with HAL. Vendor will not directly deal with HAL's customer for these items)

Part – A:

IPR Clause for Development Activities taken up at the Behest of HAL:

a) Vendor agrees that HAL shall be the sole owner of all Intellectual Property (IP) generated in the performance of this Contract by or on behalf of Vendor with the aid of either funding and/or technical inputs from HAL (hereinafter referred to as 'Foreground IP'). If applicable and to the extent that Vendor sub-contracts performance of any part of the Contract, the Vendor shall ensure that any Foreground IP arising from such work of its sub-contractor/s shall be assigned to HAL absolutely. Vendor hereby assigns and agrees to assign all rights and interest in the Foreground IP to HAL. Vendor shall share with HAL, all documentation necessary for HAL to exercise its rights to Foreground IP. If required by HAL, Vendor shall assist HAL in registering the Foreground IP in favour of HAL.

b) Vendor grants to HAL an irrevocable, non-exclusive, world-wide, royalty-free license to sell, offer for sale, use, execute, release, disclose, and distribute the developed Supplies/Services/Products, which may contain Background IP. Background IP shall mean and include all pre-existing inventions and IP necessary for HAL to exercise its rights to Foreground IP.

c) Vendor shall indemnify and protect at its own cost, HAL in respect of cost/claims/ liabilities (including attorney's fees and associated costs of legal proceedings) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Vendor. If HAL or HAL's customer/s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Vendor shall within reasonable time at Vendor's own cost either,

   i) procure for HAL and HAL's Customer/s the right to continue using the Supply/Service or,

   ii) replace or modify the Supplies/Services so that it becomes non-infringing or,

   iii) compensate HAL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to Vendor and damages suffered by HAL arising due to inability to put to use the supplies/services or a portion thereof.

d) In case the Vendor receives a requirement/ request for supply or repair of deliverables of this contract directly from any third party including HAL's customers, such request shall be forwarded to HAL.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software (including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

Part – B:

IPR Clause for indemnification of HAL in case of Infringement of Third Party IPR:

a) HAL shall have the right to use the Supplies/Services procured under the contract that may contain any Intellectual Property/ Intellectual Property Rights. Vendor shall indemnify and protect at its own cost, HAL in respect of cost/claims/ liabilities (including attorney's fees) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Vendor. If HAL or HAL's customer/s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Vendor shall within reasonable time at Vendor's own cost either,

i) procure for HAL and HAL's Customer/s the right to continue using the Supply/Service or,

ii) replace or modify the Supplies/Services so that it becomes non-infringing or,

iii) compensate HAL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to Vendor and damages suffered by HAL arising due to inability to put to use the supplies/ services or a portion thereof.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software(including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

I. Miscellaneous/Boilerplate Clauses:

1 Relationship of the Parties:

It is understood that each party is an independent party and that all personnel engaged in the work under the Purchase Order/s that are supplied by either party shall in no sense be employees of the other party.

It is further agreed that neither party shall have the right to act as the agent or legal representative of the other party or to bind the other party in any respect whatsoever or to incur any debts or liabilities in the name or on behalf of the other party.

2 Counterparts:

This Agreement/Contract shall be signed in two counterparts, each of which will be deemed as an original document.

3 Survival of Special Clauses:

The clauses dealing with arbitration and confidentiality shall survive and continue to have effect after the expiry or termination for any reason whatsoever of the services placed.

4 Assignment/Subcontract:

Neither of the parties of this contract shall be entitled without the other party's consent to assign or transfer to a third party all or part of the benefits or obligations of this contract/PO. Provided the assigning party

shall issue prior notice of 30 days to the other party conveying its intention to assignment/subcontract to third party and the other party whose consent is sought shall not delay more than 30 days from the date of receipt of such request.

5 Amendment to Contract/PO:

Any amendment to Contract/ Purchase Order would be enforceable only if made in writing and duly signed by authorized representatives of both the parties hereto.

6 Waiver:

Failure of either Party at any time to enforce any of the provisions of this Contract/PO shall not per se constitute a waiver by that Party of any such provisions nor in anyway affect the validity of the Contract/PO or any part hereof.

7 Entire Agreement:

This Contract/PO contains the entire agreement between the parties with respect to the subject matter of this Contract/PO and supersedes any prior representations or agreements, oral or written, and all other communications between the parties relating to the subject matter of this Contract/PO. This Contract/PO will not be varied except in writing signed by an authorized representative of each Party.

8 Severability:

If any provision or portion of a provision of this Contract/PO is determined to be illegal, invalid, or unenforceable by Law/Regulation/Court, then that portion or provision will be stricken/deleted and the validity and enforceability of the remaining provisions of Contract/PO will not be affected.

9 Force Majeure:

a) **For Indian Vendor**

On the occurrence of any unforeseen event, beyond the control of either Party, directly interfering with the delivery of Services arising during the currency of the contract, such as war, hostilities, acts of the public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, or acts of God, the affected Party shall, within a week from the commencement thereof, notify the same in writing to the other Party with reasonable evidence thereof. Unless otherwise directed by the Procuring Entity in writing, the Vendor shall continue to perform its obligations under the contract as far as reasonably practicable and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the force majeure condition(s) mentioned above be in force for 90 days or more at any time, either party shall have the option to terminate the contract on expiry of 90 days of commencement of such force majeure by giving 14 days' notice to the other party in writing. In case of such termination, no damages shall be claimed by either party against the other, save and except those which had occurred under any other clause of this contract before such termination.

Notwithstanding the remedial provisions like Liquidated Damages or Termination, none of the Party shall seek any such remedies or damages for the delay and/or failure of the other Party in fulfilling its obligations under the contract if it is the result of an event of Force Majeure.

b) **For Foreign Vendor**

If at any time during the execution of the supply order, the performance in whole or in part by either HAL or and by Vendor is delayed by any reason of force majeure situations such as:

i) earthquakes, landslides;

ii) explosion and fire, unless as a direct result of Vendor negligence or acts or omissions;

iii) riot, commotion, sabotage or civil disorder, unless solely restricted to employees of Vendor;

iv) contamination by radio-activity from any nuclear fuel, nuclear waste or radio-active toxic explosion;

v) War, hostilities (whether or not war is declared), invasion, act of foreign enemies or embargo;

vi) Rebellion, revolution, insurrection, or military or usurped power or civil war.

vii) Any natural calamities like epidemics or pandemics as declared by Government or any Government sanctions imposed from time to time.

Acts of God & laws of respective governments or any other causes beyond the control of either parties, hereinafter referred to as "events", provided notice of the occurrence of such event/s is/are communicated by either party, to the other party within 21 days from the date of occurrence thereof, neither party shall by reason of such events be entitled to terminate the contract nor shall either party have any claim for damages against the other in respect of such non-performance and or delay in performance of the contract / order. Executions on either side shall be resumed as soon as practicable after such event has come to an end or ceased to exist and the decision of HAL as to whether activities can resume or not, shall be conclusive and final. Occurrence of the event to be certified by Chamber of Commerce / Indian High Commission or Embassies / Government in that Country.

The performance in whole or in part under the captioned order/ contract is prevented or delayed by reason of any such event for a period exceeding sixty days either party may at its option terminate the contract / further processing of the order/contract. The relative obligations of both the parties remain suspended during the actual period of force majeure.

The effected Party shall take all necessary measures and steps to mitigate the delay upon resuming the works or on end of the force majeure event. The HAL may extend the delivery schedule as mutually agreed, on receipt of written communication from Vendor regarding occurrence of 'Force Majeure' conditions, but not exceeding three months from the scheduled delivery date. If the 'Force Majeure' conditions extend beyond this period, the HAL shall have the right to cancel the order without any financial implication to Vendor or on terms mutually agreed.

PART - III: Other Conditions for Indigenous Procurement:

1 Tender conditions:

a) Any order, resulting from the enquiry, shall be governed by the General Terms and Conditions of Contract of HAL and any party quoting against this enquiry shall be deemed to have read and understood these terms and conditions and to have quoted subject to these terms and conditions (Enclosed).

b) When counter terms and conditions have been offered by a Bidder, HAL shall not be deemed to be governed by such terms and conditions unless specific written acceptance thereof has been given by HAL.

c) Any terms & conditions which has not been the part of the bid or Purchase Order, if put forward in subsequent correspondence, shall not be considered by HAL.

d) Disregard of any instructions, may result in your offer being ignored.

e) Canvassing by bidders in any form, including unsolicited letters on bid/s submitted or post tender corrections shall render the bid/s liable for summary rejection.

2 Relaxation of Prior Experience & Prior Turn-over Criteria for Micro & Small Enterprises (MSEs) & Start-ups:

Wherever RFQ stipulates qualification/eligibility criteria to be met by bidder/s such as prior experience and/or prior turn-over, the criterion will be relaxed w.r.t. to all start-ups and MSEs subject to meeting of quality and technical specifications stipulated in the tender. Also vendor shall furnish documentary proof for being MSEs/Start-up as stipulated by the Ministry.

3 Price:

The bidder is required to indicate prices against individual items.

a) Price quoted should be on F.O.R. Destination basis, for delivery at HAL Stores inclusive of all charges including transit insurance.

b) Indian Bidder should quote in Indian Rupees and payment will be made in Indian Rupees.

c) Bidders should clearly mention whether the prices hold good when the full quantity of enquiry is not ordered but only a part of it. Unless otherwise mentioned, it would be assumed that the rates hold good even when lesser quantities than those enquired of are ordered. Any increase in prices at a later date for ordering lesser quantities will not be agreed to.

4 Taxes:

a) *(GST clause may be considered, as per applicability).*

b) Excise Duty (for items not under purview of GST): Excise Duty will be paid only on production of sufficient documentary evidence or a certificate from the Vendor for having paid the Excise Duty at actual. The present rate and tariff details should be indicated.

c) In case the Vendor failed to upload GST invoices in the GST portal and HAL lost the right to avail the Input Tax Credit (ITC), HAL reserves the right to debar the Vendor and/ or to initiate legal action against the Vendor.

5 Delivery:

Deliveries quoted should be firm (or as per the schedule indicated).

6 Terms of Payment:

In the event of an order, 100% payment will be made within 30 days of receipt and acceptance at our Stores by RTGS or any other latest Electronic Payment remittance mode. (However, in case of Global tenders, domestic Vendor/s may opt for payment through Letter of Credit).

Applicable for Micro & Small Enterprises (MSEs) & Start-Ups:

That 15% (of the basic price) interest free Advance will be payable against Bank Guarantee (BG) or Insurance Surety Bond of equivalent amount and balance 85% will be paid within 30 days of receipt and acceptance at our stores. Additional up to 10% Milestone payment may be made based on production of the proof of order placed for materials. In case advance and/or milestone payment is not sought, 100% payment will be made within 30 days of receipt and acceptance at our stores.

7 Import Content:

In case the item/product offered by Indian vendor has import content, then the value of import content shall be indicated in the quotation (in FE/ INR as the case may be).

8 Date of Reckoning of Exchange Rate Variation:

If the products/items/materials quoted by the Indian vendors involves import content, then the value of import content needs to be indicated in the offer (in FE). Further, vendor should indicate whether Exchange Rate Variation (ERV) is applicable on the FE content declared by the vendor. If ERV is applicable, ERV reckoning date shall be the last date of submission of commercial bids (i.e. due date of the tender).

For purpose of making ERV payment, actual value of import (to be supported by BOE, etc.) or declared value of import in bidders quote whichever is lower to be considered for calculation of ERV based on TT selling rate on the date of BOE.

Exchange rate variation on the higher side, shall be paid by the HAL and similarly any exchange rate variation on lower side i.e. price reduction, to be passed on to HAL.

9 Denial Clause:

In case of any delay in delivery caused due to default of the Vendor and during such delayed period if 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 arises then such additional amount/s is/are to be borne by the Vendor, apart from the payment of agreed Liquidated Damages. Besides HAL reserves its right to get any benefit of a downward revisions in statutory duties, PVC and foreign exchange rate, taken place during such delayed period, effecting the original agreed price.

PART – IV: Other Conditions for Foreign Procurement:

1 Price:

a) The bidder is required to indicate prices against individual items. Prices quoted should be in the currency of the country of supply or any other convertible foreign currency (to be specified by HAL in line with RBI/ FEMA rules).

b) HAL being manufacturers, bidders to indicate in the quotation manufacturers discount if any.

c) Bidders to confirm that: (As applicable)

   i) The prices quoted are the lowest export price and is the same as they would normally quote to Govt. Department.

   ii) The price is in terms of the appropriate clause of the Licence Agreement. (Where Licence Agreement is in vogue).

d) Price quoted should be net FOB/FCA, export packed/FAS Vessel with no extra charge whatsoever.

e) (*Optional Clause:*) Bidder should indicate separately cost of services rendered in India if any.

f) If, for special reasons, bidder prices are Ex-Works or F.O.B. plant, bidder must prepay inland transportation's. Port dues and shipment charges up to F.O.B. vessel at port of shipment and claim this amount of actual along with the price of the goods through bank. Bidder's quotation should indicate clearly the extent of such charges.

g) Bidders should clearly mention whether the prices hold good when the full quantity of enquiry is not ordered but only a part of it. Unless otherwise mentioned, it would be assumed that the rates hold good even when lesser quantities than those enquired of are ordered. Any increase in prices at a later date for ordering lesser quantities will not be agreed to.

h) Preference will be given to firm prices. But should quoted prices be subject to variation, bidder is requested to give the following information:

   i) The portion of the contract price which will be subject to such variation

   ii) A breakdown of this variable figure into i) labour ii) materials

   iii) An escalation formula linked to indices with a Cap should be given and escalation in price established with supporting documents. Price variation may be considered only if it occurs within the contractual delivery period.

   iv) A further break down of materials giving the main classes of material involved i.e. steel, nonferrous metal etc.

2 Terms of Payment:

a) In accordance with our standard practice, payment against any order materializing out of your offer, will be against presentation of documents through the State Bank of India ……. (mention HAL's Banker), India.

b) As a matter of policy HAL arrange payments to the extent of 80%, through SIGHT DRAFTS presented through our Bankers. 20% after delivery and acceptance and fulfillment of all contract obligations and on the submission of Performance Bank Guarantee for 10% of the order value to cover the warranty period.

c) If under unavoidable situations payment has to be made through Letter of Credit, the same can be established for 80% of the order value before three months from the date of dispatch. All bank charges are to be borne by the vendor. Balance 20% will be paid directly through bank after delivery and acceptance and fulfillment of all contract obligations and on the submission of Performance Bank Guarantee for 10% of the order value to cover the warranty period.

3 Taxes:

a) In respect of Foreign bidders, bidders has to bear all taxes, duties and levies payable in their country and HAL will bear all statutory levies, other than withholding tax and Goods & Service tax, payable in India.

b) **Withholding Tax** (If applicable appropriate clause needs to be included in the RFQ).

i) HAL would be deducting at source applicable Income Tax as per Government of India Rules applicable at the time of making payments in respect of services rendered in India. (Generally on the amounts towards services like training, technical assistance offered by the bidder and Licence fees). As per the Rules, Income tax has to be borne by the recipient of the Income and relevant certificate to this effect will be issued to the bidder on deduction of such amounts, if applicable.

ii) Bidder should bear the applicable withholding income tax in India. Tax would be deducted at source by HAL as per Double Taxation Avoidance Agreement (DTAA) where the bidder could claim the benefit of double taxation in their country as per the bilateral agreement between the two countries. Certificate to this effect would be issued by HAL to enable the bidder to claim the benefit under DTAA.

iii) Bidder is required to indicate the PAN No. issued by Indian Income Tax Authorities.

4 Delivery:

a) Deliveries quoted should be firm (or as per the schedule indicated).

b) Please confirm whether the item/equipment quoted/ offered is of-the-shelf or to be manufactured specific-to-type. If the items/equipment is manufactured specific-to-type, bidder to quote firm delivery schedule taking into consideration of the period actually required based on the complexity of the equipment. In the event of an order, HAL reserve the right to claim towards liquidated damages on the undelivered part of the order. This clause will be strictly followed by HAL. Therefore your delivery schedule should be firm and definite.

c) If installation and commissioning of the equipment is required to be done by bidder at HAL site, bidder to indicate the period required for the above job from the date of intimation of readiness of site at our premises.

d) Bidder to note that the delivery schedule should be for:

i) Period required for the delivery/dispatch of equipment and

ii) Period required for installation and commissioning of the subject equipment after intimation

from HAL about readiness of the site.

5 Export Licence:

Vendors should categorically confirm the availability/ability to obtain of export license from their government for exporting the system. Vendor shall be required to obtain and maintain all Export/Import licenses and permits etc., as the case may be, required for performing supplies against this tender. Obtaining export license shall be entire responsibility of the vendor.

6 Rights of Sale and Utilisation – Export Licence/ Re-Export Permission:

i) As the requirement is for Military/Civil application a specific confirmation from Bidders/Vendors on availability of export license from their respective Government should be provided and a copy of such relevant permission/license issued should be enclosed.

ii) Bidders/Vendors shall be required to obtain and maintain all Export/Import licenses and permits etc., as the case may be, required for performing supplies against this tender. Obtaining export license and timely availability shall be entire/sole responsibility of the Bidders/Vendors, which forms a part of obligations of the contract. However any unforeseen delay should be promptly informed to HAL with proper justification.

If End user certificate is required from HAL, the format of the same may be enclosed with this offer.

iii) Bidders/Vendors may indicate status of export permit based on the present rules/regulations of their respective country and normal time frame for obtaining such export permission if an order is placed in near future and the said time frame should be covered within the delivery schedule indicated.

iv) Bidders/Vendors should also confirm that necessary clearances are available/ will be made available from their Governmental authorities regarding the sharing of technical data required for integration purposes with other vendors of Aircraft/Helicopter on a need to know basis.

v) Clearance in unequivocal terms also needs to be accorded regarding export of the equipment fitted as a part of the military and civil variant Aircraft/Helicopters, spare LRUs, modules & components and service support when such activities are undertaken by HAL India to other countries. Reservations if any may be specifically indicated as a part of the Bid.

vi) Bidders/Vendors to confirm that there are no restrictions for exporting HAL Aircraft/helicopters to any country, fitted with the LRU/Systems/items offered/supplied by them.

vii) Buyer (HAL) will have exclusive worldwide sale and support right for all supplies under contract if specifically developed and funded by HAL. Any enquiry received on such equipment shall be directed to Buyer and Bidder/Vendor will not directly sell/support/service without prior concurrence of Buyer. For all development orders all the Intellectual Property Rights (IPR) will rest with Buyer.

viii) The prices to be quoted by Bidders/Vendors for exports should be competitive in international market scenario.

ix) In case of grant of Rights for Transfer of Technology (ToT) to Buyer for manufacture and/or Repair and Overhaul (RoH), then Buyer will have exclusive rights for worldwide sale of the Aircraft/ Helicopter incorporating the items manufactured/ Repaired & Overhauled under ToT.

(Note: In cases where there is a need for exclusion of any part of the above clause (or) to incorporate minor modifications, then the same can be considered with the Head of the Complex, while framing the RFQ/Model Clause accordingly.)

7 Limitation of Liability:

Except in cases of criminal negligence or wilful misconduct, the aggregate liability of the Vendor to the HAL, whether under the contract, in tort or otherwise, shall not exceed the total or 100% of the Contract Price,

provided that this limitation shall not apply to the cost of repairing or replacing defective equipment, or to any obligation of the Vendor to indemnify the HAL concerning IPR infringement.

8 Option Clause:

HAL reserves the right to order additional quantities up to __ **%** of the ordered quantity as per the price, terms & conditions of the resultant contract during the currency of the contract. It is entirely at the discretion of HAL to exercise this option. The additional quantities may be ordered in staggered manner in different years of supply at the discretion of HAL at any time during the currency/period of Contract.

9 Others

a) In the case of airborne material, the same should be covered by a Release Note or Airworthiness Certificate countersigned by person/s authorized by Government Airworthiness Certifying Authority.

b) Please furnish list of similar equipment supplied in or anywhere in India with customer's full address, value and telephone/telex etc. (if applicable)

c) Please indicate if any training arrangements for item/system in India and factory acceptance test if required. (if applicable)

d) Please also indicate necessary onsite technical support during installation of the system at no extra cost.

e) Vendors should ensure the availability of spares of the offered products for a period of 10 years.

f) Two sets of operation manuals/ maintenance manual should accompany the system at no extra Cost. (if applicable)

g) Please also indicate status of export permit based on the present rules/regulations of your country and normal time frame for obtaining such export permission if an order is placed on you in near future and the same should be covered within the delivery schedule indicated.

h) Vendors (OEMs) while submitting the proposal should categorically declare that items quoted by them are their own manufactured products and are not resold (2nd sale). Offers without such declaration are likely to be ignored.

i) Quotation should accompany the detailed catalogues and literature.

j) Deleted

k) The Harmonized System of tariff nomenclature against the items for which quotation is rendered should be indicated.

l) HAL conditions of contract will govern any resultant order arising out of the enquiry (copy on application) and bidder's quotation will be subject to the said conditions.

m) Bidder is required to send REGRET REPLY, in case the subject item is not covered in bidder's range of products.

Annexure - 15

Guidelines for High Sea Sales

1 High Sea Sales (HSS) is a sale carried out by the carrier document consignee to another buyer while the goods are yet on high sea or after their dispatch from the port/airport of origin and before their arrival at the port/airport of destination. HSS is also applicable to goods imported by air. As long as the sale is formalized after dispatch from airport/port or origin and before arrival at the first port of discharge/ airport at destination, such sale is considered as HSS.

2 HSS contract/agreement should be signed after dispatch of goods from origin & prior to their arrival at destination. The agreement should be on stamp paper. AWB and COC should be produced by the HSS Seller before signing the HSS Agreement.

3 On concluding the HSS agreement, the B/L should be endorsed in favour of the new HSS Buyer. In respect of air shipment, HSS Seller should write to the consol agent informing that a HSS agreement has been established with the HSS Buyer and that the carrier document should therefore be considered and endorsed in favour of the HSS Buyer and further the Import General Manifest (IGM) should be filed by the carrier in the name of the HSS Buyer.

4 In HSS contracts the HSS Seller may not like to disclose the import value to the HSS Buyer. However, HAL should insist to get the import value. In case the same is not agreed, HSS Seller should take on the responsibility of customs clearance and site delivery and the price quoted should be the CIF value in INR, which should be firm and fixed. The Vendor may consider possible price increase due to market condition, foreign exchange rate variation, etc. at the time of submitting bid. Even after repeated persuasion by HAL, if the Vendor insists to quote in foreign currency, payment can be made in INR considering the foreign exchange rate indicated in B/E and Customs clearance should be done by HAL.

5 HSS is considered as a sale carried out outside the territorial jurisdiction of India. Accordingly, no Goods and Service tax (GST) is levied in respect of HSS. The customs documents (B/E) is either filed in the name of HSS Buyer or such B/E has an endorsement indicating HSS Buyer's name.

6 The title of goods transfers to HSS Buyer prior to entry of goods in territorial Jurisdiction of India. The delivery from Customs is therefore on account of HSS Buyer.

7 HSS goods are entitled to CTH classification, rates of duty and all notification benefits as would be applicable to similar import goods on normal sale.

8 In case of procurement of proprietary goods from an authorised in-land channel partners/agencies/distributors on HSS basis, Division needs to verify the price quoted by Indian Vendor from the foreign OEM before placement of Purchase Order on the Indian Vendor.

9 Sometime HSS buyers buy goods after their arrival, such sale are not HSS. The stamp paper on which the HSS agreement is executed must not bear the stamp paper purchase date as being post cargo arrival date.

HIGH SEA SALES AGREEMENT FORMAT

Purchase Order reference:

Name of the foreign Vendor/ country:

Tax: No Goods and Service tax will be charged as the goods are being delivered to the buyer on High Sea Sales basis. But if at a later date the local Goods and Service tax authority assesses Goods and Service tax and other levies, such as interest if any on this sale, the same shall be borne by the buyer.

Payment: As per purchase order.

Sales/Delivery: The goods are sold on the "High Sea Sales" basis and the above price is _____ (incoterms). The freight and freight clearing charges _____. The buyer is responsible for payment of customs duties and/ licensing matter/ provide exemption certificate for customs duties for the import, if any, by the Government. (Optional)

The vendor shall retain one copy each of the signed High Sea sales agreement, the exchange control copy of the Bill of Entry/ Bill of Lading/ Airway bill and a copy of the clearing agent's bill after customs clearance. This is to enable the vendor to complete RBI formalities for making foreign exchange/currency payment to M/s. _____ (Name of the OEM/Source Vendor) which is the supply source abroad.

IN WITNESS THEREOF vendor and Buyer hereto have set their respective hands on the mentioned above.

Dated:

Buyer: For Hindustan Aeronautics Limited

Vendor: For (M/s.)

Witness:

1.

2.

Annexure - 16

Format of Proprietary Certificate

Proprietary Certificate

1. Item Description:

2. Part No./ Quantity:

3. Vendor's name:

4. Previous ordering Information (if available):

5. Project:

6. Nature/ Class of item:

7. MPR no.

8. Sub-Clause under which the procurement is proposed (Tick the applicable one and score out ones not applicable)

a) OEM/Collaborator or sources listed by them and sources nominated by Licensor

b) Product specifically developed for HAL by a Vendor through limited/open tender.

c) Item standardized by HAL

d) Manufacturers retail outlet / authorised distributor for an item of proprietary nature.

e) Procurement of spares compatible with the existing equipment from OEM or its authorised distributor/s.

f) Source as per Design/Licensor documents.

g) Products developed for HAL by an Innovator/ start-up/ Company under iDEX initiatives.

h) Product specifically indigenised/developed for HAL by only one vendor through Make-I/ Make-II procedure of HAL

9. Reasons for resorting to proprietary procurement (elaborate if above sub clause is not sufficient/ any other reason)

……

(Methods/ Design/ DLE/ User Department*)	(Originating/ Indenting Department)
Signature	Signature
Name	Name
Designation	Designation
Date	Date
Through:	Approving Authority (as per DOP):

*User Dept. in case of procurement of GHE/GSE and non-standard equipment, etc.

Annexure – 17

Format of Single Tender Certificate

SINGLE TENDER CERTIFICATE

Division:_____ Department:_____ Project: _____

MPR/SPR/CPR No.: _____ Date: _____

Part A – *(To be filled while processing the MPR/SPR/CPR for approval)*

1	Item description	
2	Part No.	
3	To be procured from (Name of the vendor & place)	
4	Previous ordering information, if available (PO No., date, price)	
5	Nature of item	
6 (i)	Estimated value	
6 (ii)	Basis of estimation	
7 (i)	Justification for single tender/ Nomination basis (In case of procurement on customer/ OEM/ Certifying Agency nominated basis, enclose the copy of letter received from the customer/ OEM/ Certifying Agency)	
7 (ii)	Whether alternative sources are available or not	
8	Budget reference & Performance	
9	DoP Reference	

(Head of Indenting Dept.) (Head of Finance) (Level-I Executive)

Name :

Signature & Date :

Designation :

Part B – (*To be filled while processing of Proposals for placement of Order)*

Purchase Order no.:_____

Price Reasonability	
Proposed Price	
% Increase w.r.t. Previous Price/ Estimate	
Price justification	
DOP for Purchase	

(Head of IMM) (Head of Finance) (Level-I Executive)

Name :

Signature & Date :

Designation :

Annexure - 18

Rate Contract - Draft Agreement Format

THIS AGREEMENT executed on the _____ day of ____ 20___ BETWEEN M/s. HINDUSTAN AERONAUTICS LIMITED, having its Registered Office at #15/1, Cubbon Road, Bangalore - 560 001, represented by Shri _____, _____ at Corporate Office, and hereinafter referred to as 'HAL' which term shall cover its successors and assigns:

AND

M/s. _____, a Company incorporated under the Companies Act having its Registered Office at _____ represented for the present by Shri _____ of _____ hereinafter referred to as '_____' which terms shall cover its successors and assigns:

WHEREAS _____ have desired to enter into a Contract with HAL for supply of _____ manufactured at their works in _____ under the name of and HAL are desirous of purchasing said items required by them for their various Divisions and the terms and conditions of sale as herein contained have been agreed upon between the parties.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1 The Agreement shall be designated by the Number HAL/CD/____/20___ dated ____ 20___, which will be referred to in all correspondence.

2 The duration of this Agreement shall be initially for a period of ____ years commencing from _____20__ with an option to extend further periods on mutual consent.

3 OBLIGATION TO SUPPLY:

3.1 During the continuance of this Agreement, _____ will sell to HAL, Standard and Special/Non-Standard items of_____in accordance with the indents placed by HAL from time to time. No liability will arise on HAL in respect of indents placed by anyone other than the authority named herein OR any person duly authorised in writing by such authority. The indenting Authorities are as follows:

i) Director (E and R&D), Design Complex, HAL, Bangalore

ii) CEO, Bangalore Complex, HAL, Bangalore

iii) CEO, MiG Complex, HAL, Nasik

iv) CEO, Accessories Complex, HAL, Lucknow.

v) CEO, Helicopter Complex, HAL, Bangalore

vi) Executive Director/General Manager, Aircraft Division, HAL, Bangalore

vii) Executive Director/General Manager, Engine Division, HAL, Bangalore

viii) Executive Director/General Manager, Helicopter Division, HAL, Bangalore

ix) Executive Director/General Manager, MRO Division, HAL, Bangalore

x) Executive Director/General Manager, ACD, HAL, Bangalore

xi) Executive Director/General Manager, Overhaul Division, HAL, Bangalore

xii) Executive Director/General Manager, Foundry & Forge Division, HAL, Bangalore

xiii) Executive Director/General Manager, Aerospace Division, HAL, Bangalore

xiv) Executive Director/General Manager, ARDC, HAL, Bangalore

xv) Executive Director/General Manager, AERDC, HAL, Bangalore

xvi) Executive Director/General Manager, RWRDC, HAL, Bangalore

xvii) Executive Director/General Manager, IMGT, HAL, Bangalore

xviii) Executive Director/General Manager, LCA-Tejas Division, HAL, Bangalore

xix) Executive Director/General Manager, IJT-LSP Division, HAL, Bangalore

xx) Executive Director/General Manager, MCSRDC, HAL, Bangalore

xxi) Executive Director/General Manager, Avionics Division, HAL, Hyderabad

xxii) Executive Director/General Manager, SLRDC, HAL, Hyderabad

xxiii) Executive Director/General Manager, Accessories Division, HAL, Lucknow

xxiv) Executive Director/General Manager, Avionics Division, HAL, Korwa

xxv) Executive Director/General Manager, Transport Aircraft Division, HAL, Kanpur

xxvi) Executive Director/General Manager, Aircraft Manufacturing Division, HAL, Nasik

xxvii) Executive Director/General Manager, Aircraft Overhaul Division, HAL, Nasik

xxviii) Executive Director/General Manager, AURDC, HAL, Nasik

xxix) Executive Director/General Manager, Engine Division, HAL, Koraput

xxx) Executive Director/General Manager, Sukhoi Engine Division, HAL, Koraput

xxxi) Executive Director/General Manager, Barrackpore Division, HAL, Barrackpore

xxxii) Executive Director/General Manager, (IMM), HAL Corporate Office, Bangalore

xxxiii) Executive Director/General Manager, FMD, HAL, Bangalore

xxxiv) Chief of Medical Services, Industrial Health Centre, HAL, Bangalore

xxxv) Executive Director/General Manager, ASERDC, HAL, Lucknow

xxxvi) Resident Manager, Liaison Office, HAL, New Delhi

xxxvii) Executive Director/General Manager, New Helicopter Factory, HAL, Tumkuru

3.2 '_____' shall make every endeavor to quote for Special/Non-Standard items required by HAL, subject to feasibility for manufacture and availability of capacity.

3.3 For the purpose of this Agreement, the expression 'Standard Items' means various types of _____ as detailed in the Price List attached as Annexure-I to this Agreement.

3.4 All Standard Items supplied by _____ shall be as per specification in force at their _____ works at the time of indenting.

4 PRICES:

4.1 STANDARD ITEMS

4.1.1 The prices payable to _____ by HAL for Standard Items supplied to HAL shall be as per the Standard Price List No. _____ dt. _____ 20__ attached at _____ to this Agreement. The prices applicable on the Price List for certain Special _____are given at _____. The prices are FOR Destination basis and are inclusive of Excise Duty at _____ %. The base price shall remain firm and fixed for a period of _____ years from _____ 20__. Thereafter, the price shall be mutually discussed and agreed to. If no agreement is reached on prices, HAL reserves the right to terminate the Contract.

4.1.2 The Standard/Special Items covered in the Price List kept at _____ shall be subject to Discounts as provided in **Clause-12**.

4.1.3 During the currency of this Agreement, if _____ (Division's name) enters into a Rate Contract with

_____ (Vendor's name) for items covered under this Agreement, the prices for such items shall be made applicable to all divisions/offices of HAL wherever they are lower. Copies of the Rate Contract with _____ (Vendor's name) shall be made available by _____ (Division's name) to all the indenting authorities of HAL mentioned in **Clause-3**.

5 TAXES:

The prices in **Clause-4.1** are exclusive of Govt. (Central, State or Local) Taxes and Levies. Such Taxes/Levies as applicable at the time of delivery shall be to HAL's account. However, the prices in **Clause-4.1** are inclusive of GST at _____%. Revision if any, in the rate of Excise Duty shall be to HAL's account.

6 CHARGES FOR PACKING, FREIGHT, INSURANCE & DELIVERY:

The charges for Packing, Freight & Delivery to the concerned HAL Division for which the items are indented shall be borne and paid by _____. _____ shall insure the goods-in-transit at their own cost.

7 DELIVERY:

7.1 Generally, for the Standard Items, the delivery shall be 12 to 18 weeks from the date of receipt of indents from HAL. However, _____ will make every effort to supply as many stocked Items as possible from stock. The dispatch shall be effected to the Railhead/Road Transport Contractor's Warehouse nearest destination, packed, insured and freight prepaid to HAL Divisions a provided in each indent.

7.2 MINIMUM ORDERING VALUE:

7.2.1 For _____, the minimum ordering should be for each size, whichever is higher.

7.3 QUANTITY TOLERANCE:

For Special Items as well as Non-Stocked Items, the quantity ordered shall be deemed to have been completed, if supplied quantity is within minus 10% of the ordered quantity. _____ also reserves the right to deliver and charge for up to a maximum of 10% over the ordered quantity.

8 INSPECTION:

Inspection of all goods shall be done by the Inspectors of HAL at HAL's works and their decision as to the acceptability shall be final. The Inspection Standard shall be based on IS/BS/DIN/American Specification or any other specification as applicable.

9 PAYMENT:

9.1 Unless otherwise agreed to between the parties, HAL will effect payment for the delivery of the stores by Electronic Bank Transfer (ECE/RTGS) to the Vendor's bank account as notified to HAL on submission of bills in triplicate. Payment for the stores on each delivery will be made to the Vendor after goods are received and accepted. Normally 30 days will be allowed for inspection after receipt of goods.

9.2 As and by way of security for the due performance of obligations towards HAL under this Contract and as an insurance against the value of rejections or short receipts,_____shall furnish a Bank Guarantee for Rs.-_____ in the form prescribed by HAL from a scheduled Bank which shall be valid for the duration of this Contract.

10 WARRANTY:

10.1 _____warrants that Design, Workmanship and quality of material of the Standard Items shall conform to the IS/BS/DIN/American Standards or any other Specifications and be such as to ensure that they are free from defects of manufactured and quality and are suitable for the purpose intended. Further, for Special/Non-Standard items, _____ warrants that the workmanship and material shall conform to HAL drawings and specifications and are suitable for the purpose intended. Any claim under Warranty should be preferred within Twelve months from the date of receipt of stores from ____ factory. ____ shall replace, repair or recondition free of charge, the rejected or defective stores and shall also bear the cost of transportation involved in the rejection/replacement.

10.2 This warranty shall not apply in case of improper handling or improper storage and in case of repairs or

alterations carried out without written instructions. This warranty shall not extend to normal wear and tear.

11 REPLACEMENT TRANSIT DAMAGES:

Any claim on the ground of alleged shortage or damage or breakage of the stores in transit and dimensional errors shall be made in writing not later than Thirty days from the date of arrival of stores at HAL's end. _____ shall replace such damaged items on priority within the standard delivery period from the date of receipt of written complaint thereof.

12 DISCOUNTS:

For Standard items, HAL shall be entitled to the following Trade Discounts in the prices chargeable by ____ as given in their Price List mentioned in **Clause-4** and as amended from time to time:

Sl. No.	Description of items	Discount
1		
2		
3		

13 FORCE MAJEURE: (For reference only, to be included only if insisted by Vendor)

Neither party will be liable to the other for any act done or prevented from so doing by virtue of the occurrence of Force Majeure Conditions such as but not restricted to any event or chain of events which prevents either party from carrying out its engagements such as War, General Mobilisation of Troops, Strikes, Lockouts in Factories, Fire, Earthquakes and Floods, Embargoes or stoppage of deliveries by Government, refusal or non-receipt of Import Licence for Raw materials from Vendors.

14 Termination of Contract:

HAL reserves the right to terminate/ cancel the Rate Contract with a notice period of one month in writing without any financial liability in the event of any of the following reasons:

i. Repeated rejection of supply for the same reasons/ grounds.

ii. Repeated delays in delivery and failure to meet the delivery schedule as specified in the Rate Contract.

iii. The requirement is withdrawn.

iv. The _____ (Vendor) is declared bankrupt or becomes insolvent.

v. As per decision of the Arbitration Tribunal.

vi. In case any part of the Work Order is sublet without prior permission of HAL.

vii. Any other reason which violates all other stipulated provisions of the Rate Contract.

15 DAMAGES FOR FAILURE TO SUPPLY:

15.1 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 0.5% 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 10% of value of goods undelivered against the supply order.

15.2 Notwithstanding anything contained in this Agreement, HAL is under no obligation to purchase any _____ Standard or Special/Non-Standard Items from _____. This is only a Rate Contract and accordingly its terms apply only in respect of indents which HAL may place on _____ during the continuance of this Agreement.

16 PARALLEL AGREEMENTS:

Nothing in this Agreement shall debar HAL from entering into any agreement for supply of any kind of _____ now or hereafter parallel with any other Vendors or manufacturers.

17 JURISDICTION and LAWS:

The Courts in the city of _____ alone shall have Jurisdiction to deal with and decide any matter or dispute whatsoever arising out of this agreement including those arising under the Arbitration Act. This contract shall be governed by and subject to and interpreted and construed in accordance with the Laws of Republic of India, which are in force from time to time.

18 ARBITRATION:

All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this Contract or the breach thereof shall be settled by Arbitration in accordance with the Rules of Arbitration of the ICA/ICADR/IIAC and the award made in pursuance thereof shall be binding on the parties. The provisions of the Arbitration and conciliation Act 1996 or any statutory modifications thereof shall apply to such conciliation.

The seat of Arbitration shall be at ____ (*Division should indicate the place*) and the Language of Arbitration shall held in English and the award of Arbitration shall be final and binding between the parties to this Contract/PO.

IN WITNESS WHEREOF the parties hereto have executed these presents in the presence of the Witnesses attesting hereunder:

For and on behalf of

HINDUSTAN AERONAUTICS LTD.,

(----------)

- - - - - - - - - - - - -.

WITNESSES:

1)

2)

For and on behalf of

(----------)

- - - - - - - - - - - - - -

WITNESSES:

1)

2)

Annexure - 19

Receiving cum Discrepancy Report - Imprest Purchases

FORM P-7

RECEIVING CUM DISCREPANCY REPORT - IMPREST PURCHASES

Date:.....
No:.....
Batch No: .....
Posted:
Store
Posted:
Accounts

Indent Number

Offer from M/s.

.....

.....

Rate:.....

Date:

Taxes:.....

.....

NOMENCLATURE

SPECIFICATION OF ITEM

Certified that the rates have been taken and recorded by the undersigned in person, from the vendors who had the stock on date. It is decided to procure the item from M/s.....against cash payment/30 days credit.

Signature of the Officer

QUANTITY REQUIRED	Description	Unit		Qty	Qty	Short	Over	Qty	Qty. Accepted in		Rate in	Total	Allocated	Purchase
		Vendor	Stock	Required	Received	Qty	Qty	Rejected	Vendor Unit	Stock Unit	Rs.	Value In Rs	Value In Rs.	Rate
Estimated Cost														
Past Purchase Price														
Indenting Dept.														

The purchase was made on the manufacturer's Price list/most economical terms available.

Purchase approved

User/Indenting Officer

(Imprest Holder)

Annexure - 20

Time Frame for Procurement (Under Single and Two-Bid Systems)

Receipt of Indent:

Sl. No.	Activity	Under	
		Single Bid	**Two Bid**
1	Vetting and Registration of Indent	1 week	1 week
2	Vendor Selection and preparation of RFP	1 week	1 week
3	Issuance of RFP	2 weeks	2 weeks
PROCUREMENT ACTION			
4	Time allowed for submission of offers	3 weeks	3 weeks
5	Opening of technical bid and technical evaluation by TEC and recommendation	NA	3 weeks
5A	Opening of commercial bids, preparation of CST and vetting etc.	2 weeks	2 weeks
5B	Technical recommendation if required	1 week	-
6	Approval for holding negotiation if required	2 weeks	2 weeks
6A	Preparation of brief for the PNC, issuing notice for the PNC and actual conduct of PNC meeting	4 weeks	4 weeks
6B	Preparation of the minutes of the PNC meeting and obtaining of signatures of the members/chairman of the PNC	1 week	1 week
7	Approval of the purchase proposal For Division CFA For Complex CFA For Corp. Office CFA	 2 weeks + 4 weeks + 6 weeks	 2 weeks + 4 weeks + 6 weeks
8	Preparation and dispatch of the Purchase Order/ signing of the contract.	1 week	1 week
	Total : For Division CFA For Complex CFA For Corp. Office CFA	 13 to 20 weeks 17 to 24 weeks 23 to 30 weeks	 15 to 23 weeks 19 to 26 weeks 25 to 32 weeks

In case the proposal calls for PC/ Board approval at Corp. Office then additional 4 weeks are required.

This time frame indicated is only a guideline and could vary from case to case depending on the type of procurement as well as the concerned CFA (i.e. PC and Board).

Annexure - 21

Purchase Proposal Format - Project/ Non-Project/ Capital Items and Services

DIVISION/ OFFICE/ COMPLEX ……	PROPOSAL FOR APPROVAL FOR PROCUREMENT OF …….. (ITEMS/SERVICES)	PROJECT/ CATEGORY: *(Indicate Project in case of **Project Items** purchase.* *Indicate material category viz. Maintenance items, Welfare items, Consumables, Tools etc. in case of **Non-project items.*** *Indicate the Project for items other than those under, Improvements/ replacements, welfare, Computers and indigenization as per approved Capital Budget for **Capital Items**.)*
REF. NO:		DATE:

1	Proposal	- Proposal for Placement of Order on……for supply of / Re-conditioning of……for a total value (Foreign Currency – on FOB/Ex-works etc.)… (i.e. Rs…….. on CIF basis @ exchange rate of…, Freight & Insurance @……., at EC ____Level) OR - Proposal is for holding negotiation for ……. OR - Proposal is for issue of Order amendment for …… - *(Indicate the price break-up viz. cost of basic equipment, Accessories, Maintenance Spares, Installation & Commissioning charges, Duties & Taxes, Training / Technical Assistance etc. in the Draft Purchase Order in case of Capital Items.)*
2	Back ground	– **Projects**: (*Explain how the need for procurement has arisen in case of requirements for other than approved projects/ programmes*) – **Non-Projects**: (*To be Mentioned only if necessary)* – **Capital Items**: (*Furnish how the need for procurement has arisen and also confirm that the procurement of the item is re-assessed with reference to its expected utilization vis-à-vis programme/task on hand. For items under Replacement, confirm PRC's recommendation and also disposal off old equipment after commissioning of new equipment. Confirm that location, civil/mechanical/electrical facilities would be made ready before the receipt of the equipment.)*
3	Provisioning / Finalization of Specifications of Items in case of Capital items	**Projects**:- - Confirm that the quantities proposed are based on norms of consumption/ provisioning relating to the approved programme/task and that quantity in stock/WIP/pipeline have been taken into account. - Indicate year-wise Programme/Task considered : Year Task - Indicate feasibility of indigenization - Confirm if Long Term Agreement (LTA) has been considered - If TOT/Co-Production is considered for the items, please provide details - If items proposed to be ordered are within the production range of the Division, reasons for procurement rather than production need to be justified. **Non-Projects**:- – Confirm that the quantities proposed are based on norms of consumption/ provisioning relating to the approved programme/task and quantities in stock/

		WIP & pipeline have been considered. – Indicate feasibility of indigenization / import substitution – Confirm if Long Term Agreement (LTA) has been considered **Capital Items** :- – Confirm that the Technical Committee has approved the specifications of the equipment for procurement.	
4	Tendering	Specify: - Procedure followed for Sourcing/ Vendor selection - Mode of Tendering: Open/Limited/Single/Proprietary - in case of proprietary items/ single tender case, enclose Proprietary Certificate/ Single Tender certificate, respectively. Certificate to be signed by Head of Division for proposals sent to Complex/ Corporate Office. - Authority approving Mode of Tendering - Analysis of responses: No. of firms contacted/ offers received, time given for receiving offers etc. - Whether two bid system followed (wherever required) - Confirm that Commercial Bids of only technically acceptable offers have been opened after completion of technical evaluation in case of 2 bid system. - Confirm that laid down tendering procedures (e.g. GTE, PPP-MII, MSE, etc.) have been followed. - Confirm if Integrity Pact is applicable, same is signed by both HAL and the vendor as per HAL format. - Reason for not procuring the items through GeM tender, wherever applicable.	
5	Technical Evaluation	- Indicate summary of Technical Evaluation Committee Recommendation. - Provide Technical Evaluation Statement of offers w.r.t. Specifications as per RFQ and recommendations/ comments, duly vetted by technical committee, wherever applicable in support of the recommendation as per details at **Encl-1 (Annexure 21A)**.	
6	Commercial Evaluation	- Indicate summary of Commercial Evaluation of Bids. - Provide Comparative Statement of Prices duly checked and verified by Division, as per the format at **Encl-2 (Annexure 21B)**. - Provide Commercial Evaluation of complete Terms and Conditions of the Bids vis-a vis the RFQ, duly checked and verified by Division, as per the format at **Encl-3 (Annexure 21C)**. - Level prices correctly & confirm. - Indicate whether the prices are firm & fixed or subject to escalation. If so indicate details. - Consider life cycle cost/ operating cost also wherever necessary.	
7	Price Reasonability	<u>Price Justification</u> Comparison of prices to be made with past procurement prices or on the basis of technical estimates along with weighted average annual escalation. Details to be placed at **Encl-4 (Annexure 21D)**	<u>Recommendation</u> Indicate acceptability of offered prices or negotiation
8	Negotiation If required	- Provide points/ agenda for negotiation w.r.t. comments in the technical/ commercial evaluation statements at **Encl-5 (Annexure 21E)**. - Provide justification if negotiations are proposed with other than technically acceptable lowest Bid. - Constitution of PNC as per DOP	

<table>
<tr><td>9</td><td>PNC
Recommendation</td><td colspan="2">- Provide summary of recommendations of PNC
- Enclose the Report of the PNC duly signed by all members and approved by the chairman of PNC, clearly bringing out the improvements due to negotiations and recommendations as per the format at Encl-6 (Annexure 21F).</td></tr>
<tr><td></td><td></td><td><u>Price Justification (post Negotiation)</u>
Comparison of prices to be made with past procurement prices or on the basis of technical estimates along with weighted average annual escalation. Revised Price Justification to be placed as per the format at Annexure 21D.</td><td><u>Recommendation</u>
Indicate acceptability of the negotiated prices</td></tr>
<tr><td>10</td><td>Delivery / Lead Time</td><td colspan="2">- Indicate the delivery lead-time and confirm whether it meets programme requirements.
- Confirm staggered delivery in case of procurement exceeding 12 months requirement.
- If LD Clause is not provided, indicate reasons for same.</td></tr>
<tr><td>11</td><td>Payment Terms</td><td colspan="2"><table>
<tr><td>a)</td><td>Indicate Payment Terms (Description should be same as indicated in draft PO/Contract.)</td><td></td></tr>
<tr><td>b)</td><td>Indicate Bank Account Details e.g. Bank Name, Account No./IBAN, IFSC/ Swift code, etc.
(not applicable for GeM procurement)</td><td></td></tr>
<tr><td>c)</td><td>In case of Advance Payments – indicate (as applicable) whether Interest bearing/free and with/without Bank Guarantee/ Indemnity Bond/ Letter of Guarantee, etc.</td><td></td></tr>
<tr><td>d)</td><td>In case of payment through Letter of Credit (LC), indicate - Type of LC, Date/period when LC to be established, Document(s) to be presented for release of LC Payment, who will bear the LC or its amendment charges, any special condition/s, etc.</td><td></td></tr>
<tr><td>e)</td><td>Applicability of Bank Charges, if any. Also indicate whether HAL or Vendor will bear such charges.</td><td></td></tr>
<tr><td>f)</td><td>Indicate applicability of Security Deposit/ Performance Bank Guarantee along with its instrument type e.g. DD, BG, retention of equivalent amount, etc.</td><td></td></tr>
<tr><td>g)</td><td>Indicate any other condition relevant for release of payment</td><td></td></tr>
</table></td></tr>
<tr><td>12</td><td>Price Recoverability (For Project and Capital Items)</td><td colspan="2">- Confirm that the proposed price is within the price projected in the quote to the customer and is recoverable from the customer
- In case of new projects/D&D/Indigenization programmes confirm that the proposal is covered within the approval of the Govt./Board/MC/TDPC/ CMD/Divisional Head (as the case may be) in respect of material estimates included in the approved Project Report/ sanction (as applicable) for the relevant phase of production.
- Confirm that receipt of funds from Customers will be as per the expected cash flow indicated at Sl. No: 13 below</td></tr>
</table>

13	Performance Budget Reference	Year		RE_____BE_____FC_____	
		Budget Head/category		New/Existing Projects/ Improvements/ Replacement/ Welfare/ Computers/ D&D/ Indigenization/ Customer Financed items	
		Commitment Approved		To be Indicated	
		Committed so far		To be Indicated	
		Commitment now proposed		To be Indicated	
		Balance after this		To be Indicated	
13 a	Re-appropriations of Capital Budget sanctions, if any	– Indicate re-appropriation if any.			
14	Validity of Offer	- Indicate validity of offer. - Send proposal to reach Corporate Office at least 3 weeks before expiry of the validity of offer.			
15	Reference to DOP	- Indicate DOP reference correctly.			
16	Recommendation	- Indicate clear recommendations for which approval of CFA is requested. - In case of LTA / TOT / Co-Production, enclose copy of Draft Purchase Order/ Agreement at **Encl-7** - If approval is sought for other than technically acceptable L1 offer, indicate reasons for same.			
DIVISION	Routing	Dealing Officer	Head of IMM	Head of Finance	Head of Division
	Signature Name/Designation Date:				
COMPLEX	Routing	Head of Complex Finance		FD/CEO	
	Signature Name/Designation Date:				
CORPORATE OFFICE	Routing	Head of IMM	Head of Planning		Head of Finance
	Signature Name/Designation Date:				
	Recommended	Concurred		Approved	
	D (OPS)	DF		CMD	
Date					
Note: For additional information/comments, if any, please attach separate sheets					

Annexure – 21A

Technical Evaluation Statement & Recommendation

Enclosure 1

SL.	AS PER RFQ	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	REMARKS
	A) SPECIFICATION - -					
	B) TECHNICAL RECOMMENDATION:					
	I) REJECTED OFFERS :					
	VENDOR					
	REASONS					
	II) ACCEPTED OFFERS:					
	VENDOR					
	Confirmation whether the Vendor meets all RFQ specs? (Highlight exceptions)					
	III) SINGLE OFFER CASE *Compliance to Purchase Manual to be ensured.*					
	C) Declaration: I/We declare that I/we have no conflict of interest with any of the bidder/s in this tender.					
Members of Technical Evaluation Committee	Signature Designation Date					

Annexure – 21B

Comparative Statement of Prices (Price Comparison of Technically Accepted Offers)

Enclosure 2

Sl.	DETAILS	Quantity	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	Remarks
1	PRICING :						
	Quoted Price : (in Foreign Currency) Less discount if any.						
	Exchange Rate: Rs.						
	Loadings for Price Levelling : - For price variation (Escalation) - Packing - Forwarding - Freight & Insurance - Financing charge for payment terms - Liquidated Damages terms						
	Others – specify (NRC cost, etc)						
	Evaluated Price :						
	Vendor's relative price position L1, L2, L3 etc.						
2	**TERMS & CONDITIONS :** - Pricing Terms (FOB/Ex-Works etc) - Firm / variable - Escalation formula - Payment Terms (Bank Guarantee if required) - Delivery - Liquidated Damages - Warranty						
3	Declaration: I/We declare that I/we have no conflict of interest with any of the bidder/s in this tender.						
	Signature Designation Date Head IMM Finance						

Annexure – 21C

Commercial Evaluation Statement (RFQ Clauses)

Enclosure 3

Sl. No.	CLAUSES AS PER RFQ	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	REMARKS
	CLAUSES - - - - - - -					
Declaration: I/We declare that I/we have no conflict of interest with any of the bidder/s in this tender.						
Signature : Designation: Date : Prepared By : IMM Checked By: Finance						

Annexure – 21D

Format for Price Justification

Enclosure 4

Price Justification

Sl. No.	Description of items with Part no.	Qty	Last Purchase			Current Purchase			% Increase	No. of Years between Last Purchase & Current Purchase	% Increase per year	Weighted Average Annual Escalation in %
			PO & Date	Last Price*	Year of Delivery	Price Before Negotiation*	Price After Negotiation*	Year of Delivery				
	Total											

Signature
Name/Designation
Date :

Indenting Department
(in case of Non-Project Materials/ capital items)

IMM

Finance

NOTE:
1. (*) indicate the total value for the present quantity.
2. In case previous order is not available & item is being procured for the first time/ development purpose/ indigenisation, comparison to be made with the estimates.
3. For capital items, justification to be given based on budgetary estimates/ market information/ cost of similar equipment procured at HAL (if required by contacting other divisions).
4. To be signed by Head of IMM/ Finance where CFA of the proposal is above Level I executive.
5. In case of licensor/ proprietary procurements, price comparison to be carried out with previous procurement prices from licensor/ proprietary also, if the last procurement is not from the licensor/ proprietary source.

Annexure – 21E

Agenda for Negotiation

Enclosure 5

SL. NO.	TERMS & CONDITIONS AS PER RFQ	TERMS & CONDITIONS AS PER VENDOR'S OFFER	COMMENTS OF DIVISION
Signature: Name: Designation: Date: Head of IMM			Head of Finance

Annexure – 21F

PNC Recommendation

Enclosure 6

SL. No.	DIVISION/ COMPLEX		PROJECT/ NON-PROJECT: TYPE OF ITEM:	
1	Item/ Service Description			
2	Approval reference of PNC and Members			
3	Background of Proposal/ Analysis of quoted price			
4	Progresses of Negotiation (various rounds)			
5	Final Offer after Negotiation			
6	Observations on final offer/ reasons for acceptance of Proposal			
7	Savings/achievements of Negotiations			
8	Recommendation of PNC (clear and pointed)			
Signature				
Designation				
Date:				
PNC	MEMBER/ SECRETARY	MEMBER	MEMBER	CHAIRMAN

Annexure – 21G

Information Check List for Purchase Proposals (Project/Non-Project/Capital Items)

DIVISION:

Proposal Ref: ……	Offer Validity
Vendor……	
Item/s/ Service Brief description……..	
Value (FE)… .....FOB/ Ex-works etc	
Value Rs. Lakhs……..@ CIF……..% & Ex. Rate… ..... (in line with Purchase Proposal)	

	Mention Yes or No or NA, if following is given in the PO Proposal	**Yes/ No/ NA**
1	Need for procurement, in case of requirements for other than approved projects/ program/Capital items, explained	
	For Capital Procurement	
2a	Confirmation of PRC's recommendations for replacement proposals	
2b	Confirmation of availability of site and facilities for installation on receipt	
2c	Approval of Specifications by the Technical Committee.	
	For Project/Non-Project Items/ Services	
2a	Confirmation that the quantities proposed are based on norms of consumption/ provisioning relating to the approved program/ task and that quantity in stock/WIP/Pipeline have been taken into account.	
2b	Considered year-wise Programme /Task (Project)	
2c	Availability of firm order from customer for sales requirements	
2d	Feasibility of indigenization	
2e	Confirmation if Long Term Business Agreement (LTBA)/ Long Term Repair Agreement (LTRA) has been considered, if not reasons for not opting for LTBA is provided.	
2f	Details, If TOT/Co-Production is considered for the items (Project items)	
2g	Reasons for procurement rather than production, If items are within the production range of the Division / other Divisions of HAL (Project items).	
2h	Availability of a brief for reporting to the Board if the procurement covers more than 24 month's requirements.	
3	Integrity Pact – Whether vendor has signed Integrity Pact for the procurement as per the threshold value.	
4a	Procedure followed for Sourcing/ Vendor selection given	
4b	Mode of Tendering: (Open/ Limited/ Single/Proprietary / GeM etc)	
4c	Specific reasons in case of procurement from a single source without calling for tenders recorded.	

	Mention Yes or No or NA, if following is given in the PO Proposal	**Yes/ No/ NA**
4d	Whether approval of CFA is taken or not if RFQ is issued on Limited tender for case of more than - Rs. 5 Crs. for Project/ Non-project items - Rs 100 lakhs in case of Capital Items	
4e	Approved Proprietary Certificate is enclosed, in case of proprietary tendering	
4f	Approved Single Tender Certificate is enclosed, in case of Single Tender	
4g	In cases of procurement from Customer nominated sources, availability of specific request from Customer suggesting single source	
4h	Whether Analysis of responses, given or not (No. of firms contacted, offers received, Time given for receiving offers etc.)	
4i	Confirmation that Commercial bids of only technically acceptable offers have been opened after completion of technical evaluation in case 2 bid system has been followed.	
4j	Confirmation that laid down tendering procedures/ latest CO guidelines/ circulars have been followed is provided.	
4k	Whether reasons for procurement of project material from other than OEM/ Licensor/ Proprietary source, stated	
4l	Approval for GTE Exemption	
5a	Whether summary of Technical Evaluation Committee Recommendation provided	
5b	Availability of Technical evaluation statement in support of recommendation as per Purchase Manual Format, duly approved by Head of Division	
6a	Availability of Comparative statement of Prices duly checked and verified by Division, as per Purchase Manual format	
6b	Availability of Commercial Evaluation of complete terms and conditions of the Bids vis-a vis the RFQ, duly checked and verified by Division, as per Purchase Manual format	
7	Has escalation/formula been included in proposal, if prices are not firm & fixed	
8	In case of single / proprietary tender, comparison of prices with past procurement prices of at least two immediate preceding procurements/ technical estimates indicated as per Purchase Manual format	
8a	In case of single/ L-1 offer, comparison of prices with technical estimates/Last Purchase Price is provided as per Purchase Manual format	
8b	Has clear recommendation been made for placement of order?	
8c	In case of PO placement on Single offer, whether TEC confirmation of no change in specification is indicated	
9	PNC recommendation duly signed by all members and approved by the chairman of PNC as per Purchase Manual format, where PNC was held.	
10a	Are payment terms indicated?	
10b	In case of advance payments, is the clause for Bank Guarantee covering the payment been included?	

	Mention Yes or No or NA, if following is given in the PO Proposal	**Yes/ No/ NA**
10c	Where payment is through LC whether the terms for LC opening, validity and whether Vendor will bear the cost of LC charges both in India and elsewhere and its subsequent amendments if any etc. are clearly spelt out.	
10d	Clause on Performance Bank Guarantee before final payment included.	
10e	In case of multiple deliveries/Services, pattern of payments specified.	
11a	Has staggered delivery been indicated in case of procurement exceeds 12 months requirement.	
11b	Whether the delivery schedule is commensurate with the task requirement.	
11c	Are the reasons recorded if LD Clause is not provided?	
11d	Whether stipulated Warranty/ Shelf life is available covering the last delivery by HAL to its Customers.	
11e	Details of documents such as release notes, manuals etc to be supplied along with material	
11f	Whether terms include installation and commissioning by the Vendor (Capital Items)	
11g	Whether time frame has been indicated for installation and commissioning and penalty for delays attributable to the Vendor (Capital Items)	
11h	Commitment from the Vendor for training of HAL employees at HAL. Details should also include areas covered and their duration (Capital Items)	
11i	Whether the scope of supply includes supply of spares to be ordered along with main equipment (Capital Items)	
11j	Whether the scope of supply includes supply of tooling and accessories (Capital Items)	
11k	Whether terms of HAL includes participation in pre-dispatch inspection/ machine proving. (Details should also indicate number of employees and duration of the stay) (Capital Items)	
11l	Are there any other special terms/conditions specified by the vendor.	
12a	Recoverability of price in full from the customer w.r.t agreed price/ FPQ / RMSO value/ Price catalogue confirmed or not	
12b	In other cases, are the prices confirmed to be within the material estimates included in the approved Project Report/sanction.	
12c	Whether status of availability of funds sanctioned by the customer for customer funded procurement recorded.	
13a	Whether the relevant Performance Budget information has been duly filled-in w.r.t. purchase commitments	
13b	Whether the relevant Capital Budget information has been duly filled-in for both commitment and expenditure. (Capital Items)	
13c	Whether re-appropriation of Capital Budget is required. If so, has it been recorded? (Capital Items)	
14	Is there a minimum of 4weeks before expiry of the validity of offer on the date of forwarding the proposal to CO	
15a	Is the DOP reference correctly indicated	

	Mention Yes or No or NA, if following is given in the PO Proposal	**Yes/ No/ NA**
15b	Does this (DOP) corresponds to the mode of tendering followed	
15c	Availability of brief agenda if the proposal is to be cleared by PC/Board	
16	Is the recommendation for which approval of CFA is requested, clear and pointed	

Confirmation is required whether following documents are enclosed with the proposal

17	Approved MPR/ SPR/ CPR	
18	Copy of RFQ/ Tender and finally agreed L1 offer	
19	Proprietary certificate in case of proprietary tendering or Single Tender Certificate in case of Single Tender	
20	Technical evaluation statement where applicable, duly approved by Head of Division	
21	If PNC is held, PNC recommendation duly approved by Chairman of PNC	
22	Comparative statement of RFQ terms and conditions vis-à-vis proposed terms and conditions.	
23	Comparative statement of prices	
24	Price reasonability analysis worksheets	
25	Draft PO with proposed terms and conditions	
26	In cases of procurement from Customer nominated sources, Specific request from Customer suggesting single source.	

Head of Finance

Head of IMM

Annexure – 21H

Chronology of Progression of Purchase Proposal

Division :				
Proposal:				
Sl. No.	**Activity**	**Date**	**No. of days taken**	**Remarks**
1	MPR Initiated		-	
2	MPR approved			
3	RFQ issued			
4	RFQ due date			
5	Technical Bid opened			
6	TEC Recommendation			
7	Price bid opened			
8	PNC proposal initiation			
9	PNC held			
10	PNC recommendation initiation			
11	PNC recommendation approved			
12	Purchase proposal initiated			
13	Purchase proposal signed by Head of IMM			
14	Purchase proposal pre-audited by Divisional SYA			
15	Purchase proposal concurred by Divisional Finance			
16	Purchase proposal cleared by Divisional Head			
17	Purchase proposal sent to Complex Office			
19	Purchase proposal cleared by Complex Finance			
20	Purchase proposal cleared by Complex Head			
21	Purchase proposal sent to CO			
23	Query sent from Proposal Cell			
24	Query received from Complex Office			
25	Purchase proposal initiated by Proposal Cell			
26	Purchase proposal cleared by Head of CO-IMM			
27	Purchase proposal cleared by Head of CO-Planning			
28	Purchase proposal pre-audited by Head of CO-SYA			
29	Purchase proposal concurred by Head of CO-Finance			
30	Purchase proposal cleared by D (Ops)			
31	Purchase proposal cleared by DF			
32	Purchase proposal cleared by CMD			
33	Purchase proposal sanction date			

Annexure – 22

Brief Summary of the Proposal for Approval by Procurement Committee/ Board of Directors

DIVISION: PROJECT:

1	Introduction / Background		
2	Provisioning & year of requirement		
3	Vendor / Value	Name of vendor & country	Value of the proposal
			Value in FE: Incoterm : CIF Value : Ex. Rate : EC :
4	Tendering (Open/ Limited/ Proprietary/ Customer nominated/ Licensor/ Single)		
5	Negotiation if done		(Rs. in Crs.) Price before negotiation: Price after negotiation: Savings achieved: (_____%age)
6	Price reasonability		Previous procurement price/ : HAL estimate price Proposed procurement price : %age of increase : Justification for price increase:
7	Price recoverability		Justification for under recovery, if any.
8	Payment terms		
9	Delivery / Lead time		
10	Integrity Pact (Fully Compliant as per latest CO guidelines)		
11	Other major terms & conditions including escalation (if any).		
12	Remarks, if any		

(Head of IMM) (Head of Finance)

Annexure – 23A

Format of Bank Guarantee for Advance Payment

1. In consideration of the HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") having agreed to make advance payment to _____ [hereinafter called "the said Contractor/Vendor(s)"], under Agreement/Contract/Order No. _____ dated _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), made between _____ and _____ for _____ (indicate the scope of supply), for the due fulfillment of the terms and conditions contained in the said Agreement/Contract/Order, on production of a Bank Guarantee for _____ (indicate the amount in Rs/ Foreign Currency) (_____ Only), We, _____, (indicate the name of the bank) (hereinafter referred to as "the Bank") at the request of _____ [Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency) against any loss or damage, costs, charges and expenses, claims caused to/ suffered or would be caused to/ suffered by HAL by reason of any breach by the said Contractor/Vendor(s) of any of the terms or conditions contained in the said Agreement/Contract/Order.

2. We, _____ (indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this guarantee without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by HAL by reason of breach by the said Contractor/Vendor(s) of any of the terms or conditions contained in the said Agreement/Contract/Order or by reason of the said Contractor/Vendor(s)' failure to perform the said Agreement/Contract/Order. 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 liability under this Guarantee shall be restricted to an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency).

3. We undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/ Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, our liability under this Guarantee being absolute and unequivocal.

4. We, _____ (indicate the name of bank) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor/Vendor(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/ Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

5. We, _____ (indicate the name of bank) lastly undertake not to revoke this Guarantee during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the Bank shall not discharge the Bank of its liability under this deed.

6. The validity of Bank Guarantee shall be up to _____ (dd/mm/yyyy) and such date shall be 60 days after the last delivery/Services against the said Agreement/Contract/Order. The Bank Guarantee shall continue to be enforceable till all the dues of HAL under or by virtue of the said

Agreement/Contract/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said Contractor/Vendor(s) and accordingly discharges this Guarantee.

7. The Bank Guarantee can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Bank.

8. Notwithstanding anything contained herein:

a) Our liability under this Bank Guarantee shall not exceed Rs.....… (Rupees ……..… Only)

b) This Bank Guarantee shall be valid up to _____ (being the date of expiry of the guarantee) and

c) The Beneficiary's right as well the Bank's liability under this Guarantee shall stand extinguished unless a written claim or demand is made under this Guarantee on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of Bank Guarantee as per **clause 8 (b)** above).

9. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

10. Dated the_____day of_____for_____(indicate the name of the Bank).

Annexure – 23B

Format of Bank Guarantee for Security Deposit

1. In consideration of the HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") having agreed to exempt _____ [hereinafter called "the said Contractor/ Vendor(s)"] from the demand of Security Deposit, under Agreement/Contract/Order No. _____ dated _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), made between _____ and _____ for _____ (indicate the scope of supply) for the due fulfillment by the said Contractor/Vendor(s) of the terms and conditions contained in the said Agreement/Contract/Order, on production of a Bank Guarantee for _____ (indicate the amount in Rs/ Foreign Currency) (_____ Only), We, _____, (indicate the name of the bank) (hereinafter referred to as "the Bank") at the request of _____ [Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency) against any loss or damage, costs, charges and expenses, claims caused to/ suffered or would be caused to/ suffered by HAL by reason of any breach by the said Contractor/ Vendor(s) of any of the terms or conditions contained in the said Agreement/Contract/Order.

2. We, _____ (indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this Guarantee without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by HAL by reason of breach by the said Contractor(s)/Vendor of any of the terms or conditions contained in the said Agreement/Contract/Order or by reason of the said Contractor/Vendor(s)' failure to perform the said Agreement/Contract/Order. 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 liability under this Guarantee shall be restricted to an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency).

3. We undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/ Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, our liability under this Guarantee being absolute and unequivocal.

4. We, _____ (indicate the name of bank) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor(s)/Vendor and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contact/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

5. We,_____(indicate the name of bank) lastly undertake not to revoke this Guarantee during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the Bank shall not discharge the Bank of its liability under this deed.

6. The validity of Bank Guarantee shall be up to_____(dd/mm/yyyy) and such date shall be 60 days after the last delivery/Services against the said Agreement/Contact/Order. The Bank Guarantee shall continue to be enforceable till all the dues of HAL under or by virtue of the said Agreement/Contact/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contact/Order have been fully and properly carried out by the said Contractor(s)/ Vendor

and accordingly discharges this Guarantee.

7. The Bank Guarantee can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Bank.

8. Notwithstanding anything contained herein:

   a) Our liability under this Bank Guarantee shall not exceed Rs..... (Rupees ……..… Only)

   b) This Bank Guarantee shall be valid up to _____ (being the date of expiry of the Guarantee) and

   c) The Beneficiary's right as well the Bank's liability under this Guarantee shall stand extinguished unless a written claim or demand is made under this Guarantee on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of Bank Guarantee as per **clause 8 (b)** above).

9. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

10. Dated the_____day of_____for_____(indicate the name of the Bank)

Annexure – 23C

Format of Performance Bank Guarantee

1. HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") have entered into Agreement/Contract/Order _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), with _____ (hereinafter called "the said Contractor/Vendor(s))", for _____ (indicate the scope of supply).

2. Whereas under the terms of the said Agreement/Contact/Order, the said Contractor/Vendor is required to furnish a Performance Bank Guarantee for_____(indicate the amount in Rs/ Foreign Currency _____ Only) towards the due fulfillment of the terms and conditions during the agreed time period or extension thereof, and also satisfactory performance of the items supplied to HAL during warranty period as per the warranty terms stipulated in the said Agreement/Contract/Order.

3. Accordingly We,_____, (indicate the name of the bank) (hereinafter referred to as "the Bank") at the request of_____[Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding_____(indicate the amount in Rs/ Foreign Currency) on the failure of the said Contractor/Vendor in performance of their obligations as per the terms and conditions of the said Agreement/Contract/Order including the satisfactory performance of the item during warranty period as per the warranty terms stipulated in the said Agreement/Contract/Order.

4. We,_____(indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this Guarantee without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of non-performance/ unsatisfactory performance by the said Contractor/Vendor with respect to the terms and conditions of the said Agreement/Contract/Order including failure in satisfactory performance of the items supplied/services rendered under the warranty terms stipulated in the said Agreement/Contract/Order. 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 liability under this Guarantee shall be restricted to an amount not exceeding _____ (indicate the amount in Rs/ Foreign Currency).

5. We undertake to pay to HAL an amount not exceeding_____(indicate the amount in Rs/ Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto our liability under this Guarantee being absolute and unequivocal.

6. We,_____(indicate the name of bank) 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 Agreement/Contract/Order and that it shall continue to be enforceable till all the dues of HAL under or by virtue of the said Agreement/Contract/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said Contractor/Vendor(s) and accordingly discharges this Guarantee.

7. We,_____(indicate the name of bank) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor/Vendor(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

8. We,_____(indicate the name of bank) lastly undertake not to revoke this Guarantee during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the Bank shall not discharge the Bank of its liability under this deed.

9. The validity of Bank Guarantee shall be up to_____(dd/mm/yyyy) and such date shall cover the period of warranty of all the supplies and also the period of defect liability/ warranty period for last batch of supplies. The validity of Bank Guarantee will be for a period up to which the Contractor/Vendor is obliged for due performance of the said Agreement/Contract/Order including the warranty period.

10. The Bank Guarantee can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Bank.

11. Notwithstanding anything contained herein:

a) Our liability under this Bank Guarantee shall not exceed Rs..... (Rupees ……..… Only)

b) This Bank Guarantee shall be valid up to _____ (being the date of expiry of the guarantee) and

c) The Beneficiary's right as well the Bank's liability under this Guarantee shall stand extinguished unless a written claim or demand is made under this Guarantee on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of Bank Guarantee as per **clause 11 (b)** above).

12. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

13. Dated the_____day of_____for_____(indicate the name of the Bank).

Annexure – 23D

Format of Bank Guarantee towards Earnest Money

1. In consideration of the HINDUSTAN AERONAUTICS LIMITED _____ Division (hereinafter called as "HAL") on the first part and M/s _____ of _____ (hereinafter referred to as "Bidder") on the Second part, having agreed to accept the Earnest Money Deposit of Rs _____ (Rupees _____) in the form of Bank Guarantee for the Request for Proposal/Quote for procurement of _____.

2. We _____ (Name of the Bank), (hereinafter referred to as the "Bank"), do hereby undertake to pay immediately to HAL on a written demand without any demur and without seeking any reasons whatsoever, an amount not exceeding _____ (Rupees _____) and the Guarantee will remain valid up to a period _____. It will, however, be open to HAL to return the Guarantee earlier than this period to the Bidder(s), in case the Bidder(s) does not/do not qualify for the negotiation by the Price Negotiation Committee (PNC) as constituted by HAL.

3. In the event of the Bidder withdrawing the tender before the completion of the stages prior to the Price negotiations or during the Price negotiation or during validity of offer, as the case may be, the Guarantee deposited by the Bidder stands forfeited to HAL. We also undertake not to revoke this Guarantee during this period except with the previous consent of HAL in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the said tender and we shall be deemed to have agreed to any such variation.

4. The Bank Guarantee can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Bank

5. Notwithstanding anything contained herein:

   a. Our liability under this Bank Guarantee shall not exceed Rs..... (Rupees ……..… Only)

   b. This Bank Guarantee shall be valid up to _____ (being the date of expiry of the Guarantee) and

   c. The Beneficiary's right as well the Bank's liability under this Guarantee shall stand extinguished unless a written claim or demand is made under this Guarantee on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of Bank Guarantee as per **clause 5(b)** above).

6. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

7. No interest shall be payable by HAL to the Bidder (s) on the Guarantee for the period of its currency.

Dated this_____day of_____20__.

For the Bank of _____

(Agent /Manager)

Annexure – 23E

Format of Insurance Surety Bond for Advance Payment

1. In consideration of the HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") having agreed to make advance payment to _____ [hereinafter called "the said Contractor/Vendor(s)"], under Agreement/Contract/Order No. _____ dated _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), made between _____ and _____ for _____ (indicate the scope of supply), for the due fulfillment of the terms and conditions contained in the said Agreement/Contract/Order, on production of a Surety Bond for _____ (indicate the amount in Rs) (Rs _____ Only), We, _____, (indicate the name of the Insurance Company) (hereinafter referred to as "the Surety") at the request of _____ [Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs) against any loss or damage, costs, charges and expenses, claims caused to/ suffered or would be caused to/ suffered by HAL by reason of any breach by the said Contractor/Vendor(s) of any of the terms or conditions contained in the said Agreement/Contract/Order.

2. We, _____ (indicate the name of the Insurance Company) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this Bond without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by HAL by reason of breach by the said Contractor/Vendor(s) of any of the terms or conditions contained in the said Agreement/ Contract/Order or by reason of the said Contractor/Vendor(s)' failure to perform the said Agreement/Contract/Order. Any such demand made on the Surety shall be conclusive as regards the amount due and payable by the Surety under this Bond. However, our liability under this Bond shall be restricted to an amount not exceeding _____ (indicate the amount in Rs).

3. We undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/ Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, our liability under this Bond being absolute and unequivocal.

4. We, _____ (indicate the name of Insurance Company) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor/Vendor(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

5. We, _____ (indicate the name of Insurance Company) lastly undertake not to revoke this Bond during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the Surety shall not discharge the Surety of its liability under this deed.

6. The validity of Surety Bond shall be up to _____ (dd/mm/yyyy) and such date shall be 60 days after the last delivery/Services against the said Agreement/Contract/Order. The Surety Bond shall continue to be enforceable till all the dues of HAL under or by virtue of the said Agreement/Contract/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said Contractor/Vendor(s) and accordingly discharges this Bond.

7. The Surety Bond can be invoked by submitting the claim at _____ (Place of respective

HAL's Division) any Branch of the issuing Surety.

8. Notwithstanding anything contained herein:

a) Our liability under this Surety Bond shall not exceed Rs.....… (Rupees ……..... Only)

b) This Surety Bond shall be valid up to _____ (being the date of expiry of the Bond) and

c) The Beneficiary's right as well the Surety's liability under this Bond shall stand extinguished unless a written claim or demand is made under this Bond on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of the Bond as per **clause 8 (b)** above).

9. This Surety Bond shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

10. Dated the _____ day of _____ for _____ (indicate the name of the Insurance Company).

Annexure – 23F

Format of Insurance Surety Bond for Security Deposit

1. In consideration of the HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") having agreed to exempt _____ [hereinafter called "the said Contractor/ Vendor(s)"] from the demand of Security Deposit, under Agreement/Contract/Order No. _____ dated _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), made between _____ and _____ for _____ (indicate the scope of supply) for the due fulfillment by the said Contractor/Vendor(s) of the terms and conditions contained in the said Agreement/Contract/Order, on production of a Surety Bond for _____ (indicate the amount in Rs) (_____ Only), We, _____, (indicate the name of the Insurance Company) (hereinafter referred to as "the Surety") at the request of _____ [Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs) against any loss or damage, costs, charges and expenses, claims caused to/ suffered or would be caused to/ suffered by HAL by reason of any breach by the said Contractor/Vendor(s) of any of the terms or conditions contained in the said Agreement/Contract/Order.

2. We, _____ (indicate the name of the Insurance Company) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this Bond without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by HAL by reason of breach by the said Contractor(s)/Vendor of any of the terms or conditions contained in the said Agreement/Contract/Order or by reason of the said Contractor/Vendor(s)' failure to perform the said Agreement/Contract/Order. Any such demand made on the Surety shall be conclusive as regards the amount due and payable by the Surety under this Bond. However, our liability under this Bond shall be restricted to an amount not exceeding _____ (indicate the amount in Rs).

3. We undertake to pay to HAL an amount not exceeding _____ (indicate the amount in Rs) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, our liability under this Bond being absolute and unequivocal.

4. We, _____ (indicate the name of Insurance Company) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor(s)/Vendor and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contact/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

5. We,_____(indicate the name of Insurance Company) lastly undertake not to revoke this Bond during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the Surety shall not discharge the Surety of its liability under this deed.

6. The validity of Surety Bond shall be up to_____(dd/mm/yyyy) and such date shall be 60 days after the last delivery/Services against the said Agreement/Contract/Order. The Surety Bond shall continue to be enforceable till all the dues of HAL under or by virtue of the said Agreement/Contact/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contact/Order have been fully and properly carried out by the said Contractor(s)/Vendor and accordingly discharges this Bond.

7. The Surety Bond can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Surety.

8. Notwithstanding anything contained herein:

a) Our liability under this Surety Bond shall not exceed Rs.....… (Rupees ……..… Only)

b) This Surety Bond shall be valid up to _____ (being the date of expiry of the Bond) and

c) The Beneficiary's right as well the Surety's liability under this Bond shall stand extinguished unless a written claim or demand is made under this Bond on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of the Surety Bond as per **clause 8 (b)** above).

9. This Surety Bond shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

10. Dated the _____day of _____for _____(indicate the name of the Insurance Company)

Annexure – 23G

Format of Insurance Surety Bond for Warranty Coverage

1. HINDUSTAN AERONAUTICS LTD., _____ Division (hereinafter called as "HAL") have entered into Agreement/Contract/Order _____ (hereinafter called "the said Agreement/ the said Contract/ the said Order"), with _____ (hereinafter called "the said Contractor/Vendor(s))", for _____ (indicate the scope of supply).

2. Whereas under the terms of the said Agreement/Contact/Order, the said Contractor/Vendor is required to furnish a Surety Bond _____ (indicate the amount in Rs) (Rs _____ Only) towards the due fulfillment of the terms and conditions during the agreed time period or extension thereof, and also satisfactory performance of the items supplied to HAL during warranty period as per the warranty terms stipulated in the said Agreement/Contract/Order.

3. Accordingly We,_____, (indicate the name of the Insurance Company) (hereinafter referred to as "the Surety") at the request of_____[Contractor/Vendor(s)] do hereby undertake to pay to HAL an amount not exceeding_____(indicate the amount in Rs) on the failure of the said Contractor/Vendor in performance of their obligations as per the terms and conditions of the said Agreement/Contract/Order including the satisfactory performance of the item during warranty period as per the warranty terms stipulated in the said Agreement/Contract/Order.

4. We,_____(indicate the name of the Insurance Company) do hereby unreservedly, irrevocably undertake to pay immediately the amounts due and payable under this Bond without any demur, merely on a written demand from HAL stating that the amount claimed is due by way of non-performance/ unsatisfactory performance by the said Contractor/Vendor with respect to the terms and conditions of the said Agreement/Contract/Order including failure in satisfactory performance of the items supplied/services rendered under the warranty terms stipulated in the said Agreement/Contract/Order. Any such demand made on the Surety shall be conclusive as regards the amount due and payable by the Surety under this Bond. However, our liability under this Bond shall be restricted to an amount not exceeding _____ (indicate the amount in Rs).

5. We undertake to pay to HAL an amount not exceeding_____(indicate the amount in Rs) so demanded notwithstanding any dispute or disputes raised by the said Contractor(s)/Vendor(s) in any suit or proceeding pending before any Court or Tribunal relating thereto our liability under this Bond being absolute and unequivocal.

6. We,_____(indicate the name of Insurance Company) further agree that the Bond herein contained shall remain in full force and effect, during the period that would be taken for the performance of the said Agreement/Contract/Order and that it shall continue to be enforceable till all the dues of HAL under or by virtue of the said Agreement/Contract/Order have been fully paid and its claims satisfied or discharged or till HAL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said Contractor/Vendor(s) and accordingly discharges this Bond.

7. We,_____(indicate the name of Insurance Company) further agree with HAL that HAL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Vendor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by HAL against the said Contractor/Vendor(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Vendor(s) or for any forbearance, act or omission on the part of HAL or any indulgence by HAL to the said Contractor/Vendor(s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

8. We,_____(indicate the name of Insurance Company) lastly undertake not to revoke this Bond during its currency except with the previous consent of HAL in writing and agree that any change in the constitution of the said Contactor(s)/Vendor(s) or the said Surety shall not discharge the Surety of its liability under this deed.

9. The validity of Surety Bond shall be up to_____(dd/mm/yyyy) and such date shall cover the period of warranty of all the supplies and also the period of defect liability/ warranty period for last batch of supplies. The validity of Surety Bond will be for a period up to which the said Contractor/Vendor is obliged for due performance of the said Agreement/Contract/Order including the warranty period.

10. The Surety Bond can be invoked by submitting the claim at _____ (Place of respective HAL's Division) any Branch of the issuing Surety.

11. Notwithstanding anything contained herein:

a) Our liability under this Surety Bond shall not exceed Rs.....… (Rupees ……..… Only)

b) This Surety Bond shall be valid up to _____ (being the date of expiry of the Bond) and

c) The Beneficiary's right as well the Surety's liability under this Bond shall stand extinguished unless a written claim or demand is made under this Bond on or before _____ [ ] ((being the date of expiry of claim period which in no case should be less than 1 year from the date of expiry of validity period of the Surety Bond as per **clause 11 (b)** above).

12. This Surety Bond shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.

13. Dated the _____day of _____for _____(indicate the name of the Insurance Company).

Annexure – 24A

Format of Omnibus Integrity Pact

Omnibus IP Ref. No.:…….

Tender Ref. No. & Date:…….

Integrity Pact (Omnibus)

Whereas Hindustan Aeronautics Ltd. ("HAL") having its registered office at 15/1, Cubbon Road, Bangalore – 560 001, India represented by General Manager/ Executive Director hereinafter referred to as the Buyer and the first party, proposes to procure (indicate name or category of the Equipment, like Aircraft Parts/ Avionic Items/ Accessories etc), hereinafter referred to as Goods and/or Services and/or Works.

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 assignee), hereinafter referred to as the Bidder(s)/Seller(s) and the second party, is willing to offer/ has offered the Goods and/or Services and/or Works.

2. Whereas the Bidder(s)/Seller(s) 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 Public Sector Undertaking and registered under Companies Act 1956.Buyer and Bidder(s)/Seller(s) shall hereinafter be individually referred to as "Party" or collectively as the "Parties", as the context may require.

3. Preamble

3.1 Buyer proposes to procure herein referred Goods /or Services and/or Works and the Bidder(s)/Seller(s) is willing to offer / has offered / will offer the Goods /or Services and/or Works under laid down organizational procedures intending to enter into contract/s for supply of/ Goods / etc. of all such items/products/Goods and/or Services and/or Works including …..…… and the Bidder(s)/Seller(s) is one amongst several Bidders/ Proprietary Vendor/ Customer Nominated Source/ Licensor who has indicated a desire to bid/supply in such tendering process.

3.2 Buyer has decided that an Omnibus Integrity Pact (Omnibus IP) can be signed with Bidder(s)/Seller(s), which will avoid taking multiple approvals, from both sides for signing IP for individual tender/ contract. Bidder(s)/Seller(s) and Buyer are entering into this Omnibus IP for covering all tenders/ contract/ agreements/ Purchase Order etc., between the Bidder(s)/Seller(s) and Buyer within its ambit.

3.3 The Buyer values and takes primary responsibility for full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness/ transparency in its relations with its Bidder(s) and/or Seller(s).

3.4 In order to achieve these goals, the Buyer has appointed Independent External Monitor(s) (IEM) in consultation with Central Vigilance Commission, who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

4. Commitments of the Buyer

4.1 The Buyer commits itself to take all measures necessary to prevent corruption and fraudulent practices and to observe the following principles:

i) No employee of the Buyer, personally or through family members, will in connection with the tender, or the execution of a contract demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.

ii) The Buyer will during the tender process treat all Bidder(s)/Seller(s) with equity and reason. The Buyer will in particular, before and during the tender process, provide to all Bidder(s)/Seller(s) the same information and will not provide to any Bidder(s)/Seller(s) confidential/ additional information through which the Bidder(s)/Seller(s) could obtain an advantage in relation to the process or the contract execution.

iii) The Buyer will exclude from the process all known prejudiced persons.

4.2 If the Buyer obtains information on the conduct of any of its employees which is a criminal offence under the Indian legislation, Prevention of Corruption Act 1988 as amended from time to time or if there be a substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer and in addition can initiate disciplinary action.

5. Commitments of the Bidder(s) / Seller(s)

5.1 The Bidder(s)/Seller(s) commit himself to take necessary measures to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution:

i) The Bidder(s)/Seller(s) will not, directly or through any other persons or firm, offer promise or give to any of the Buyer's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage during the tendering or qualification process or during the execution of the contract.

ii) The Bidder(s)/Seller(s) will not enter with other Bidder(s)/Seller(s) into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.

iii) The Bidder(s)/Seller(s) will not commit any offence under the Indian legislation, Prevention of Corruption Act 1988 as amended from time to time. Further, the Bidder(s)/Seller(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Buyer as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

5.2 Adoption of IP by Joint Ventures/Sub-Contractors:

i) In case the Bidder(s)/ Seller(s) is a Joint Venture, then all the Partners of the Joint Venture should sign this Integrity Pact. The Bidder(s) / Seller(s) shall ensure the compliance of the provisions of this Integrity Pact by all its Joint Venture Partners. Further, the Bidder(s)/Seller(s) shall be held responsible for any violation/breach of the provisions of IP by any one or more of its Partners.

ii) In case of sub-contracting, the Bidder(s)/Seller(s) i.e. the Principal Contractor shall be solely responsible for adherence to the provisions of this Omnibus IP by its sub-contractor(s). Further, the Bidder(s)/Seller(s) i.e. the Principal Contractor shall be held liable for any violation/breach of the provisions by its sub-contractor(s).

5.3 The Bidder(s)/Seller(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

5.4 Agents / Agency Commission:

The Seller(s)/Bidder(s) confirms and declares to the Buyer that the Seller(s)/Bidder(s) is the original manufacturer or authorized distributor / stockiest of original manufacturer or Govt. Sponsored / Designated Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs) of the Goods and / or Services and / or Works referred to in tender / offer / contract / Purchase order to which this Omnibus IP applies and has not engaged any individual or firm, whether Indian or Foreign whatsoever, to intercede, facilitate or in any way to recommend to Buyer or any of its functionaries, whether officially or unofficially, to the award of the tender /contract / purchase order to the Seller(s)/Bidder(s); nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller(s)/Bidder(s) 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(s)/Bidder(s) has engaged any such individual / firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of the respective contract / purchase order, the Seller(s)/Bidder(s) will be liable to refund that amount to the Buyer. The Seller will also be debarred from participating in any RFQ / Tender for new projects / program with Buyer for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract / Purchase order either wholly or in part, without any entitlement or compensation to the Seller(s)/Bidder(s) who shall in such event be liable to refund to the buyer, all Agency Commission payments made by the Seller(s)/Bidder(s) along with interest at the rate of 2% per annum above Secured Overnight Financing Rate (SOFR) (for foreign vendors) and Marginal Cost of Funds-based Lending Rate (MCLR) of State Bank of India plus 2% per annum (for Indian vendors). The rate of interest as on the last date of submission of bid/s i.e. Tender Due date would be applicable. The Buyer will also have the right to recover any such amount from any contracts/ Purchase order concluded earlier or later with Buyer.

6. Previous Transgression

6.1 The Bidder(s)/Seller(s) declares that no previous transgressions have occurred in the last three years from the signing of the Omnibus IP with any other company in any country conforming to the anticorruption approach or with any other Public Sector Enterprise in India that could justify Bidder's/ Sellers' exclusion from the tender process.

6.2 If the Bidder(s)/Seller(s) makes incorrect statement on this subject, Bidder(s)/Seller(s) can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason without any liability whatsoever on the Buyer.

7. Company Code of Conduct

Bidder(s)/Seller(s) are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

8. Sanctions for Violation

8.1 If the Bidder(s)/ Seller(s), before award or during execution has committed a transgression through a violation of Clause 5 & Clause 6, above or in any other form such as to put his reliability or credibility in question, the Buyer is entitled to disqualify the Bidder(s)/ Seller(s) from the tender process or take action as per the procedure mentioned herein below:

i) To disqualify the Bidder(s)/Seller(s) in the tender process & exclusion from future contracts.

ii) To debar the Bidder(s)/Seller(s) from entering into any bid from Buyer for a period of two years.

iii) To immediately cancel the contract, if already signed/ awarded without any liability on the Buyer to compensate the Bidder(s)/Seller(s) for damages, if any. Subject to Clause 5.4, any lawful payment due to the Bidder(s)/Seller(s) for supplies effected till date of termination would be made in normal course.

iv) To encash EMD / Advance Bank Guarantees / Performance Bonds/Warranty Bonds, etc. which may have been furnished by the Bidder(s)/Seller(s) to the extent of the undelivered Goods and/or Services and/or Works.

8.2 If the Buyer obtains knowledge of conduct of a Bidder(s)/Seller(s) or of an employee or a representative or an associate of a Bidder(s)/Seller(s) which constitutes corruption, or if the Buyer has substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer.

9. Compensation for Damages

9.1 If the Buyer has disqualified the Bidder(s)/Seller(s) from the tender process prior to the award according to Clause 8, the Buyer is entitled to demand and recover the damages equivalent to Earnest Money Deposit in case of open tendering.

9.2 If the Buyer has terminated the contract according to Clause 8, or if the Buyer is entitled to terminate the contract according to Clause 8, the Buyer shall be entitled to encash the advance bank guarantee and

performance bond/ warranty bond, if furnished by the Bidder(s)/Seller(s), in order to recover the payments, already made by the Buyer for undelivered Goods and/ or Services and / or Works.

9.3 The Bidder(s)/Seller(s) shall also be liable to refund to the Buyer, the Agency Commission / payments made by the Seller(s) / Bidder(s) along with interest at the rate of 2% per annum above Secured Overnight Financing Rate (SOFR) (for foreign vendors) and Marginal Cost of Funds-based Lending Rate (MCLR) of State Bank of India plus 2% per annum (for Indian vendors). The rate of interest as on the last date of submission of bid/s i.e. Tender Due date would be applicable.

9.4 In case of occurrence of violation of any clause of this Omnibus IP then the amount due under this Omnibus IP can be recovered by the Buyer from any Contract/Agreement signed with the Bidder(s)/Seller(s) to which this Omnibus IP is applicable.

10. Independent External Monitor(s)

10.1 The Buyer has appointed Independent External Monitor(s) for this Omnibus IP in consultation with the Central Vigilance Commission.

10.2 As soon as the Omnibus Integrity Pact is signed, the Buyer shall furnish a brief background of the case to the Independent External Monitor(s).

10.3 The Bidder(s)/Seller(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent External Monitor(s). Further, after the award of work, as also, during execution of the contract, any issue specifically raised before the IEMs shall be looked into by the panel of IEMs.

10.4 If any complaint with regard to violation of the Omnibus IP is received by the Buyer in a procurement case, the Buyer shall refer the complaint to the Independent External Monitor(s) for their comments / enquiry.

10.5 If the Independent External Monitor(s) need to peruse the 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 External Monitor(s), in accordance with the CVC guidelines.

10.6 The report of enquiry, if any, made by the Independent External Monitor(s) shall be submitted to CMD, HAL as far as possible within 2 weeks, but not more than 30 days for a final and appropriate decision in the matter keeping in view the provision of this Omnibus IP.

11. Law and Place of Jurisdiction

This Omnibus IP is subject to Indian Laws and exclusive Jurisdiction of Courts at Bangalore, India.

12. Other Legal Actions

The actions stipulated in this Omnibus IP 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.

13. Omnibus IP Duration

13.1 This Omnibus IP shall come into force from the date when both parties have legally signed it and the validity of this Omnibus IP shall be for ------- (up to 5 years) with applicability to all tenders/ orders/ contracts/ agreements which are executed by the respective Bidder/tender issued/executed during the existence of this Omnibus IP.

13.2 In addition to above, the validity of the Omnibus IP for respective Tender/order/contract/agreement shall remain valid up to six months from declaration of unsuccessful Bidder. Further, for successful Bidder, validity of this IP shall survive up to 12 months from making last payment w.r.t. the respective Tender/order/contract/agreement.

13.3 Further, if the Contract/Agreement covered under this Omnibus IP is extended/renewed for any period then this Omnibus IP shall also be deemed extended/renewed for such period of extension/renewal.

13.4 If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this Omnibus IP as specified above, unless it is discharged / determined by CMD, HAL.

13.5 Should one or several provisions of this Omnibus IP turn out to be invalid, the remainder of this Omnibus IP remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

14. Other Provisions

14.1 Changes and supplements need to be made in writing. Side agreements have not been made.

14.2 The Bidder(s)/Seller(s) signing this Omnibus IP shall not initiate any Legal action or approach any court of law during the examination of any allegations/complaint by IEM and until the IEM delivers the report.

14.3 In view of the nature of this Omnibus IP, this Omnibus IP shall not be terminated by any party and will subsist throughout its stated period.

14.4 Nothing contained in this Omnibus IP shall be deemed to assure the Bidder(s)/Seller(s) of any success or otherwise in the tendering process.

15. This Omnibus IP is signed with HAL exclusively and hence shall not be treated as precedence for signing of Integrity Pact / Omnibus IP with MoD or any other Organization.

16. The Parties hereby sign this Omnibus IP at _____ on _____{Bidder(s)/Seller(s)} and at _____on_____ (Buyer)

BUYER	BIDDER / SELLER
Signature:	**Signature:**
Executive Director/General Manager Hindustan Aeronautics Ltd., ……Division	Authorized Signatory (*) (β)
Date:	**Date:**
Stamp:	**Stamp:**
Witness 1._____ _____ 2. _____ _____	Witness 1._____ _____ 2._____ _____

(*) – Authorized signatory of the company / authorized person who has signed the offer.

(β) – In case the Bidder(s)/Seller(s) is a Joint Venture, all the Partners of Joint Venture should sign this Integrity Pact (Indicating Name, Designation of the respective persons)

Annexure – 24B

Format of Standalone Integrity Pact

Tender Ref. No. & Date:……..

Integrity Pact (Standalone)

Whereas Hindustan Aeronautics Ltd. ("HAL") having its registered office at 15/1, Cubbon Road, Bangalore – 560 001, India, acting through its ……..Division, represented by General Manager / Executive Director hereinafter referred to as the Buyer and the first party, proposes to procure …… (indicate name or category of the Equipment, like Aircraft Parts/ Avionic Items/ Accessories etc.), hereinafter referred to as Goods and/or Services and/or Works.

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 assignee), hereinafter referred to as the Bidder(s)/ Seller(s) and the second party, is willing to offer/ has offered the Goods and/or Services and/or Works.

2. Whereas the Bidder(s) / Seller(s) 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 Public Sector Undertaking and registered under Companies Act 1956. Buyer and Bidder(s)/Seller(s) shall hereinafter be individually referred to as "Party" or collectively as the "parties", as the context may require.

3. Preamble

3.1 Buyer has called for tenders under laid down organizational procedures intending to enter into contract/s for supply of Goods/Services/Works etc. of……and the Bidder/Seller is one amongst several bidders/ Proprietary Vendor/ Customer Nominated Source/ Licensor who has indicated a desire to bid/supply in such tendering process.

3.2 The Buyer values and takes primary responsibility for full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness/ transparency in its relations with its Bidder(s) and/or Seller(s).

3.3 In order to achieve these goals, the Buyer has appointed Independent External Monitor(s) (IEMs) in consultation with Central Vigilance Commission, who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

4. Commitments of the Buyer

4.1 The Buyer commits itself to take all measures necessary to prevent corruption and fraudulent practices and to observe the following principles:

i) No employee of the Buyer, personally or through family members, will in connection with the tender, or the execution of a contract demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.

ii) The Buyer will during the tender process treat all Bidder(s)/Seller(s) with equity and reason. The Buyer will in particular, before and during the tender process, provide to all Bidder(s)/Seller(s) the same information and will not provide to any Bidder(s)/Seller(s) confidential/ additional information through which the Bidder(s)/Seller(s) could obtain an advantage in relation to the process or the contract execution.

iii) The Buyer will exclude from the process all known prejudiced persons.

4.2 If the Buyer obtains information on the conduct of any of its employees which is a criminal offence under the Indian legislation Prevention of Corruption Act 1988 as amended from time to time or if there be a substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer and in addition can initiate disciplinary action.

5. Commitments of the Bidder(s)/Seller(s)

5.1 The Bidder(s)/Seller(s) commit himself to take necessary measures to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

i) The Bidder(s)/Seller(s) will not, directly or through any other persons or firm, offer promise or give to any of the Buyer's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage during the tendering or qualification process or during the execution of the contract.

ii) The Bidder(s)/Seller(s) will not enter with other Bidder(s)/Seller(s) into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.

iii) The Bidder(s)/Seller(s) will not commit any offence under the Indian legislation, Prevention of Corruption Act 1988 as amended from time to time. Further, the Bidder(s)/Seller(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Buyer as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

5.2 Adoption of IP by Joint Ventures/Sub-Contractors:

i) In case the Bidder(s)/Seller(s) is a Joint Venture, then all the Partners of the Joint Venture should sign this Integrity Pact. The Bidder(s)/Seller(s) shall ensure the compliance of the provisions of this Integrity Pact by all its Joint Venture Partners. Further, the Bidder(s)/Seller(s) shall be held responsible for any violation/breach of the provisions of IP by any one or more of its Partners.

ii) In case of sub-contracting, the Bidder(s)/Seller(s) i.e. the Principal Contractor shall be solely responsible for adherence to the provisions of this Integrity Pact by its sub-contractor(s). Further, the Bidder(s)/Seller(s) i.e. the Principal Contractor shall be held liable for any violation/breach of the provisions by its sub-contractor(s).

5.3 The Bidder(s)/ Seller(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

5.4 Agents / Agency Commission:

The Seller(s)/Bidder(s) confirms and declares to the Buyer that the Seller(s)/Bidder(s) is the original manufacturer or authorized distributor/stockiest of original manufacturer or Govt. Sponsored/Designated Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMs) of the Goods and/or Services and/or Works referred to in this tender/ offer/ contract/ Purchase order and has not engaged any individual or firm, whether Indian or Foreign whatsoever, to intercede, facilitate or in any way to recommend to Buyer or any of its functionaries, whether officially or unofficially, to the award of the tender/ contract/ purchase order to the Seller(s)/Bidder(s); nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller(s)/Bidder(s) 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(s)/Bidder(s) has engaged any such individual/firm, and paid or intended 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/ purchase order, the Seller(s)/Bidder(s) will be liable to refund that amount to the Buyer. The Seller will also be debarred from participating in any RFQ/Tender for new projects/program with Buyer for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract/ Purchase order either

wholly or in part, without any entitlement or compensation to the Seller(s)/Bidder(s) who shall in such event be liable to refund to the buyer, all Agency Commission payments made by the Seller(s)/Bidder(s) along with interest at the rate of 2% per annum above Secured Overnight Financing Rate (SOFR) (for foreign vendors) and Marginal Cost of Funds-based Lending Rate (MCLR) of State Bank of India plus 2% per annum (for Indian vendors). The rate of interest as on the last date of submission of bid/s i.e. Tender Due date would be applicable. The Buyer will also have the right to recover any such amount from any contracts/ Purchase order concluded earlier or later with Buyer.

6. Previous Transgression

6.1 The Bidder(s)/Seller(s) declares that no previous transgressions have occurred in the last three years from the date of signing of this Integrity Pact with any other company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprise in India that could justify Bidder's/ Sellers' exclusion from the tender process.

6.2 If the Bidder(s)/Seller(s) makes incorrect statement on this subject, Bidder(s)/Seller(s) can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason without any liability whatsoever on the Buyer.

7. Company Code of Conduct

Bidder(s)/Seller(s) are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

8. Sanctions for Violation

8.1 If the Bidder(s)/ Seller(s), before award or during execution has committed a transgression through a violation of Clause 5 & Clause 6, above or in any other form such as to put his reliability or credibility in question, the Buyer is entitled to disqualify the Bidder(s)/ Seller(s) from the tender process or take action as per the procedure mentioned herein below:

i) To disqualify the Bidder(s)/ Seller(s) with the tender process & exclusion from future contracts.

ii) To debar the Bidder(s)/ Seller(s) from entering into any bid from Buyer for a period of two years.

iii) To immediately cancel the contract, if already signed/ awarded without any liability on the Buyer to compensate the Bidder(s)/Seller(s) for damages, if any. Subject to Clause 5.4, any lawful payment due to the Bidder(s)/Seller(s) for supplies effected till date of termination would be made in normal course.

iv) To encash EMD / Advance Bank Guarantees / Performance Bonds/Warranty Bonds, etc. which may have been furnished by the Bidder(s)/Seller(s) to the extent of the undelivered Goods and/or Services and/or Works.

8.2 If the Buyer obtains knowledge of conduct of a Bidder(s)/Seller(s) or of an employee or a representative or an associate of a Bidder(s)/Seller(s) which constitutes corruption, or if the Buyer has substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer.

9. Compensation for Damages

9.1 If the Buyer has disqualified the Bidder(s)/Seller(s) from the tender process prior to the award according to Clause 8, the Buyer is entitled to demand and recover the damages equivalent to Earnest Money Deposit in case of open tendering.

9.2 If the Buyer has terminated the contract according to Clause 8, or if the Buyer is entitled to terminate the contract according to Clause 8, the Buyer shall be entitled to encash the advance bank guarantee and performance bond/ warranty bond, if furnished by the Bidder(s)/Seller(s), in order to recover the payments, already made by the Buyer for undelivered Goods and/or Services and/or Works.

9.3 The Bidder(s)/Seller(s) shall also be liable to refund to the Buyer, the Agency Commission/ payments made by the Seller(s)/Bidder(s) along with interest at the rate of 2% per annum above Secured Overnight Financing Rate (SOFR) (for foreign vendors) and Marginal Cost of Funds-based Lending Rate (MCLR) of State Bank of

India plus 2% per annum (for Indian vendors). The rate of interest as on the last date of submission of bid/s i.e. Tender Due date would be applicable.

10. Independent External Monitor(s)

10.1 The Buyer has appointed Independent External Monitor(s) for this Integrity Pact in consultation with the Central Vigilance Commission.

10.2 As soon as the Integrity Pact is signed, the Buyer shall furnish a brief background of the case to the Independent External Monitor(s).

10.3 The Bidder(s)/Seller(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent External Monitor(s). Further, after the award of work, as also, during execution of the contract, any issue specifically raised before the IEMs shall be looked into by the panel of IEMs.

10.4 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 External Monitor(s) for their comments / enquiry.

10.5 If the Independent External Monitor(s) need to peruse the 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 External Monitor(s), in accordance with the CVC guidelines.

10.6 The report of enquiry, if any, made by the Independent External Monitor(s) shall be submitted to CMD, HAL as far as possible within 2 weeks, but not more than 30 days, for a final and appropriate decision in the matter keeping in view the provision of this Integrity Pact.

11. Law and Place of Jurisdiction

This Integrity pact is subject to Indian Laws, and exclusive Jurisdiction of Courts at Bangalore, India.

12. 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.

13. Integrity Pact Duration

13.1 This Integrity Pact begins when both parties have legally signed it. It expires for the successful Bidder(s)/Seller(s) 12 months after the last payment under the contract, and for all other unsuccessful Bidder(s)/Seller(s) within 6 months from date of placement of order / finalization of contract against this tender.

13.2 If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this Integrity Pact as specified above, unless it is discharged / determined by CMD, HAL.

13.3 Should one or several provisions of this Integrity Pact turn out to be invalid, the remainder of this Integrity Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

14. Other Provisions

14.1 Changes and supplements need to be made in writing. Side agreements have not been made.

14.2 The Bidder(s)/Seller(s) signing this IP shall not initiate any Legal action or approach any court of law during the examination of any allegations/complaint by IEM and until the IEM delivers the report.

14.3 In view of the nature of this Integrity Pact, this Integrity Pact shall not be terminated by any party and will subsist throughout its stated period.

14.4 Nothing contained in this Integrity Pact shall be deemed to assure the Bidder(s)/Seller(s) of any success or otherwise in the tendering process.

15. This Integrity Pact is signed with HAL exclusively and hence shall not be treated as precedence for signing of IP with MoD or any other Organization.

16. The Parties hereby sign this Integrity Pact at _____ on _____ {Bidder(s)/Seller(s)} and at _____on_____ (Buyer).

BUYER	BIDDER / SELLER
Signature:	Signature:
Executive Director/General Manager	Authorized Signatory (*) (β)
Hindustan Aeronautics Ltd.,	
……Division	
Date:	Date:
Stamp:	Stamp:
Witness	Witness:
1._____	1._____
_____	_____
2. _____	2._____
_____	_____

(*) – Authorized signatory of the company / authorized person who has signed the offer.

(β) – In case the Bidder(s)/Seller(s) is a Joint Venture, all the Partners of Joint Venture should sign this Integrity Pact (Indicating Name, Designation of the respective persons)

Annexure – 25

Format of Purchase Order Returns

PURCHASE ORDER RETURNS FOR THE MONTH OF …….. 20……

Sl. No.	Division	Mode of Tendering	Type of Tender (HAL e-Portal Tender/ GeM Tender/ Manual Tender)	Tender No.	Tender Date (DD/MM/YYYY)	Whether IP covered (Yes / No)	Purchase Order Details (all columns to be filled mandatory)													Plann -ing Data		Project/ Non Project or Capital
							PO No.	Date (DD/MM/YYYY)	DoP Reference	CFA	Material Group Code	Description of Item	Value in FE		Value in Rs Lakhs	Vendor		Whether Vendor is Micro or Small Enterpr-ise Category ?	If Vendor is MSE, whether vendor is SC/ST or Woman?	Reqd. for Project	Reqd. for Production Year	
													Currency	Value		Name & Address	Place/ Country					

Note 1) All POs released by Divisions (any Dept. & irrespective of values of POs) should be included.

2) All POs released on Repair/ Overhaul/ Defect Investigation of Aircraft/Engine LRUS/Rotables/Parts and Repair/Overhaul/Calibration of GSE/GHE/Test Equipment/ any other services should be included.

3) IDTOs, the orders/contract related to civil works and POs released by Outsourcing/Sub-contracting should not be included.

4) The above format may be revised from time to time by CO-IMM and PO returns should be submitted as per the prevailing format.

5) Code for filling Material Type in the above report:

Manufacturing Task		Repair & Overhaul Task		Upgrade Programs	
Material Type	Code	Material Type	Code	Material Type	Code
Raw Materials	11	Raw Materials	21	Raw Materials	31
Consumables	12	Consumables	22	Consumables	32
BOI / BOF / LRU	13	BOI / BOF / LRU	23	BOI / BOF / LRU	33
Standard Parts	14	Standard Parts	24	Standard Parts	34
Tools & Test Equipment (Specific to Project & part of DRE)	15	Tools & Test Equipment (Specific to Project & part of DRE)	25	Tools & Test Equipment (Specific to Project & part of DRE)	35
GSE/GHE/SACL (forming part of end delivery)	16	GSE/GHE/SACL (forming part of end delivery)	26	GSE/GHE/SACL (forming part of end delivery)	36

Annexure – 26

Format of Purchase Progression

Sl. No	Purchase Order				Vendor		Type of Vendor Code	Material Group Code	Payment Terms Code	Delivery Due Date mm/yy	Order ack Date	Reminder Date	Revised Delivery Date mm/yy	Despatch Date	Date of Receipt	Payment Details	Remarks
	No.	Date	No. of Items	Value	Full Name	Country Code											

Note: Purchase Progression may be maintained preferably in ERP and various automated alert message should be sent to the concerned buyer.

Annexure – 27

Return of Earnest Money Deposit (EMD) Received against Tender

Sl. No.	Tender Ref. No. & date	Vendor details	Details of EMD submitted				Reference of intimation forwarded to Finance for refund of EMD (letter no. & date)	Detail of EMD refunded			Remarks
			Mode (DD/ Banker's Cheque/ Pay Order/ BG with Bank details/ On-line Transfer, etc.)	Instruments No. & Date	Amount	Validity		Mode (UTR/ On-line transfer details, etc.)	Instruments No. & Date	Amount	

Note: It is preferable to maintain above details through ERP.

Annexure – 28

Website Hosting - Leverages of Technology

Annexure – 28A

Summary of Enquiries Released during a Month (Rs 10 Lakhs and Above)

Format – 1 (A)

Division | Complex | Month & Year

Sl. No.	Enquiry No. and Date	Mode of Enquiry *	Number of items	General Description of item (s)	Whether Single / Two Bid	Last date for submission of offers	Remarks
1							
2							
3							
4							
5							

*: Open/ Limited Enquiry

Annexure – 28B

Summary of Purchase Orders Released during a Month

Format – 3 (A)

Division | Complex | Month & Year

Sl. No.	Enquiry No. and Date	Basis for ordering *	Purchase Order No. and Date	No. of items	General Description of item(s)	Value of Purchase order (Rs. Lakhs)	Name of Vendor	Scheduled Delivery Date	Remarks
1									
2									
3									
4									
5									

*: L1 / Technically Acceptable (Single Party)

Annexure – 28C

Summary of Payments made during a Month - Against Purchase Orders

Format – 5 (A)

Division | Complex | Month & Year

Sl. No.	Purchase Order Details		No. of items		Invoice Details (Rs.)		Amount Paid		Remarks/ Reasons for Non - payment of Balance Amount
	No. & Date	Value	Involved	Accepted (Cum)	Received up to beginning of the month	Recd. during the month	During Month	Cumulative	
1									
2									
3									
4									
5									

Annexure – 29

Discounted Cash Flow Method

1. Evaluation of Bids by Discounted Cash Flow (DCF) Technique

(Note – This clause is be included only if there are different cash outflows in successive years)

1.1 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 -

$$NPVn = \sum_{t=0}^{n} At / (1 + r)^t$$

Where,

NPV = Net Present Value

At = Expected cash flow occurring in 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.

1.2 The Discounting rate will be "---%". (Note - This will be State Bank of India (SBI) Marginal Cost of Funds-based Lending Rate (MCLR) at the beginning of the bid opening month).

1.3 Structuring Cash Flows for 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.

1.4 Structuring Cash Flows for 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 as defined in **para 8.11.9 (xiv)** on Commercial Evaluation of the Purchase Manual. Thereafter, the procedure as described in **para 1.3** above will be applied to arrive at NPV.

1.5 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.

Year	Dollars	Euros	Pound Sterlings	Rupees	Total Cash-Flow

Annexure – 30

Format of Letter of Intent

LETTER OF INTENT

(Note: For Spot Tendering only)

Dear sir/s,

We refer to,

Our tender no. : dtd;

and

Your quotation no. : dtd:

This Letter of Intent is to advise you that it is our intention to place an order on you for supply of items/ service as mentioned below :

Item/Service :

Specification/Detail :

Quantity required :

Price/Cost per unit :

Total Price/Cost (including Taxes) :

Delivery Term :

i) Ex-works/ F.O.R (HAL _____Division)

ii) Delivery date :

Payment Method :

Purchase Order with detailed terms and conditions will follow in due course of time.

Date: Authorised Signatory: _____

Place: (IMM)

Annexure – 31

Format for Creation/Change/Deactivation of HAL User Role on HAL e-Portal

Complex/ Office		Division	
Coordinator (Head of IMM/OS/Works) details: Name: Designation:		IMM/OS/Works *(strike out whichever is not applicable)*	
Request for (User ID/Role on HAL e-portal)		☐	Creation
		☐	Change
		☐	De-activation
Official Name			
Designation			
HAL PB No.			
e-mail ID			
Mobile no.			
Type of Digital Signature Certificate (DSC) (Note: The official must have valid Class III DSC)		☐	Signing Certificate only
		☐	Both Signing & Encryption Certificate
Department (Purchase/ Outsourcing/ Works/ Finance/ etc.)			
Section/ Group of the Department			
Location (Select from the 'Location List' available on e-Portal): **Or** e-Portal User ID of the official working in the same Location (i.e. section/ group of the department):			
Role on e-Portal (please refer enclosed table for activities associated with the Role)		☐	Tender Initiator (TI)
		☐	Tender Authorization (TA)
		☐	Tender Opening Authority (TOA)
		☐	Tender Opening Committee (TOC) Member (only for Finance)
Remarks, if any			
To be filled for Change/ Deactivation of User ID/ Role			
e-Portal User ID			
Existing User Role (strike out whichever is not applicable)		TI / TA / TOA / TOC	

New Location		
Revised Role to be given (please refer enclosed table)	☐	Tender Initiator (TI)
	☐	Tender Authorization (TA)
	☐	Tender Opening Authority (TOA)
Change/ Deactivation to be effected from (DD-MM-YY)		
Reason for Change/ Deactivation		
Confirmation whether all the tenders assigned to the official as TOA are opened. (Note: Deactivation will be done after all such tenders are opened.)	Yes/ No/ Not Applicable *(strike out whichever is not applicable)*	

Signature & Seal of the Coordinator

Activities Table	
Role Name	**Activities on e-Portal**
Tender Initiator (TI)	Create Tender, Upload Documents, Vendor Selection (wherever applicable), Selection of Tender Opening Authority, Modify Tender details (before authorization), Create corrigendum/addendum.
Tender Authorization (TA)	All activities of “Tender Initiator”, Tender Document Authorization, Authorize tender, corrigendum/addendum Authorization, Qualify/Disqualify vendors, award (of Contract/PO)
Tender Opening Authority (TOA)	Tender opening Level 2 Note: This person DSC is used for encryption so this person should have mandatorily Signing & encryption DSC.
Tender Opening Committee (TOC) Member (only for Finance)	Tender opening Level 1, Form Fee & EMD Authorization/ Rejection.

Annexure – 32

Guidelines to Bidders for e-Reverse Auction (eRA)

1 On-line reverse auction shall be conducted by HAL on a pre-specified date and time, while the vendors shall be quoting from their own Offices/place of their choice. Internet connectivity shall have to be ensured by each participant themselves. There will be no participation fees for eRA.

2 Bidding currency and Unit of Measurement: Bidding and evaluation will be done in the currency defined in the tender. The price bid placed during "e-Reverse Auction" shall be the total price for each item.

3 Bid Price: The Bidder has to quote the total cost to HAL for the items specified wherever evaluation is on package basis. Calculation sheet to arrive at the "Total Cost to HAL" will be provided in the tender. At the end of eRA, bidder has to provide a detailed break up for his lowest offer.

4 The Bid Amount of the bidder for eRA shall be as per the terms & conditions of the tender which is inclusive of all taxes and delivered Cost as applicable. The net delivered cost is on the basis of the Basic Unit Rates quoted by the bidders and Loading factors considered as mentioned in the Price bid format of the tender document.

5 Procedure of e-Reverse Auction:

i) The bid decrement amount shall be specified by HAL before start of eRA. The bidder can bid lower than the prevailing Lowest Bid of any item at any time during the auction by one decrement or multiples of the Bid decrement.

ii) After the completion of eRA, the item-wise Closing Price (CP) of all participating bidders shall be available.

iii) The Closing Price(s) offered by the bidders at the conclusion of eRA shall be kept valid for a minimum period of one (01) month from the date of Reverse Auction or as per original offer whichever is later.

6 Duration of eRA shall be for a period of 120 minutes from commencement of auction. If a bidder places a bid in the last 10 minutes of closing of eRA, then the auction's duration shall get extended automatically for another 10 minutes. Please note that the auto-extension will take place only if a bid comes in those last 10 minutes and if that bid gets acknowledged by the e-Procurement System. If the bid does not get acknowledged, the auto-extension will not take place even if that bid might have come in the last 10 minutes. In case, there is no bid in the last 10 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, vendors are advised not to wait till the last minute or last few seconds to enter their bid during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.

Extension of the auction will be done on line item basis where multiple items are involved and an evaluation criterion is on line item basis.

7 During eRA, if no bid is received within the specified time, HAL, at its discretion may decide the following action:

7.1 To start the Reverse Auction once again.

7.2 To cancel the Reverse Auction and proceed with conventional mode of Price negotiations.

8 All bidders will be able to view during the auction time the current lowest price in portal. Bidder shall be able to view not only the lowest bid but also the last bid made by him at any point of time during the auction time.

9 At the end of eRA, Portal will display the successful bidder, basis item-wise lowest delivered cost. HAL's decision on award of Contract shall be final and binding on all the Bidders.

10 HAL shall be at liberty to call the lowest bidder for negotiations/ need not to take up the reverse auction process/ cancel tender at any time, before ordering, without assigning any reason.

11 HAL shall not be responsible for any interruption or delay in access to the site irrespective of the cause.

12 All other terms and conditions and specifications shall be as per the tender and other clarifications issued by HAL till date.

13 All the bidders are required to submit an acceptance to HAL Terms & conditions such as Bid validity, Payment terms, Earnest money Deposits (if called for), Delivery Terms (FOR, FOB etc.), Delivery lead time, Performance Bank Guarantee, Liquidated Damages/ Penalty, Security Deposit, Warranty terms etc. and modalities of eRA along with technical bid. In non-receipt of the same, vendor may not be allowed to participate in eRA. (**Annexure – 32A**).

14 If a bidder does not participate in the eRA, the price quoted by him in the price bid shall be considered as the valid price of that bidder.

15 If the lowest price received during eRA is unacceptable on ground of being too high when compared with estimated price, HAL reserves the right to call the lowest vendor for price negotiations.

16 Other terms & conditions:

16.1 AUTO BIDDING: Auto bidding feature is a pro-vendor feature to safe guard the vendor's interest of any Internet failure or to avoid last minute rush. The auto bid feature allows Bidders to place an automated bid against other Bidders in an auction and bid without having to enter a new amount each time a competing Bidder submits a new offer. The bid amount that a Bidder enters is the minimum that the Bidder is willing to offer. Here the software bids on behalf of the vendor. Bidder should opt for "Auto bidding" option before start of eRA.

- The auto bid amount is the minimum amount that the Bidder is willing to offer. During the course of bidding, the Bidder cannot delete or change the amount of auto bid.
- Bids are submitted in decrements (decreasing bid amounts). The application automates bidding by processing Auto bids automatically, according to the decrement that the auction originator originally established when creating the auction, submitting offers to the next bid decrement each time a competing Bidder bids, until the time the auto bid amount gets out-bided by another participating vendor.
- In case more than one vendor is using the auto bid facility, then the vendor who first initiated the auto bid functionality would be considered the active bidder. In the event of auto bid feature when prices are equal, under such possibilities.

16.2 GENERAL TERMS & CONDITIONS: Bidders are required to read the "Terms and Conditions" of the respective tender by Login into e-Procurement Portal of HAL at https://eproc.hal-india.co.in.

16.3 The Bidder shall not involve himself or any of his representatives in Price manipulation of any kind directly or indirectly by communicating with other vendors/bidders who have participated in the tender.

16.4 The Bidder shall not divulge either his Bids or any other details pertaining to this tender to any other party.

16.5 HAL's decision on award of Contract shall be final and binding on all the Bidders.

16.6 Liquidated Damages (LD), Security Deposit (SD) and Bank Guarantee (BG) agreeing to HAL payment terms, delivery or any other mandatory terms of HAL are mandatorily to be complied by the vendors.

16.7 Maximum reduction of prices in eRA shall not be more than 10% of the start price at a time.

16.8 Purchase preference for MSEs: If any of the short listed bidders are eligible for such purchase preferences in terms of policy, such bidders would get opportunity to match the L-1 prices concluded after eRA, if their final prices in eRA fall within the permitted percentage as per the Government policies notified time to time. In such a case the extent of Qty to be reserved for them with remains in line with RFQ stipulation.

The RFQ need to clearly stipulate the MSE policy and quantity reserving to them. Before start of the Auction, the quantity proposed for auction would have to be mentioned. Post completion of Auction, if the lowest bidder is MSE, even the balance quantity will be offered to him.

Post completion of Auction, if the successful bidder of Auction is not an MSE, then the reserved qty for MSE, will be offered off-line to the qualified MSEs to match with L1, if offer(s) received from MSE against the said tender. In case amongst the bidders, more than one MSE exist, then the opportunity would be given in sequence to the bidder who had offered lowest prices as part of Auction. In case no MSE bidder matches with L1, or no offer received from MSE, the reserved qty will also be considered for ordering on the successful eRA bidder.

16.9 Vendor may send a training request at eptraining@hal-india.co.in with subject as “Training on e-Reverse Auction” to get training slot.

Annexure – 32A

Sample Letter for Confirmation on eRA

(To be submitted along with Technical bid)

M/s Hindustan Aeronautics Ltd.,

Corporate Office,

#15/1, Cubbon Road,

Bangalore- 500 001

Karnataka, India.

Fax: 080- 22320234.

Sub: Agreement to the Process related Terms & Conditions for e-Reverse Auction

Dear Sir,

This has reference to the Terms & Conditions for e-Reverse Auction mentioned in the Tender document for Tender No. …….. , Dtd: xx-xx-xxxx.

This letter is to confirm that:

1) The undersigned is authorized representative of the company.
2) We have studied the Commercial Terms and the Business rules governing the Reverse Auction as mentioned in your letter and confirm our agreement to them.
3) We also confirm that we have taken the training on the auction tool and have understood the functionality of the same thoroughly.
4) We also confirm that we will email a scanned copy or fax the price confirmation & break-up of our quoted price as per the Annexure …….
5) We, hereby, confirm that we will honour the Bids placed by us during the tendering/ e-Reverse auction process as called as eRA.
6) We also confirm that we will accept our Rank/Position that will be displayed when the Bidding time is over of the Online Reverse Auction.

With regards,

Signature with company seal

Name –

Company/Organization –

Designation within Company/Organization –

Address of Company/Organization –

Note: FAX or email scanned copy of this document to M/s. Hindustan Aeronautics Ltd.

Annexure – 33

Certificate for Service Procurement

(from OEM or OEM Authorized/Nominated Service Centre or Licensor Authorized/Nominated Service Centre or Source specifically developed by HAL)

(to be enclosed along with SPR)

1. SPR no.:
2. Service Description:
3. Project:
4. PO details (no., date and vendor) of the Item:
5. Type of Service: Repair/ Overhaul/ Defect Investigation/ Calibration/ Upgrade/ Modification/ AMC/ CAMC/ other Services (*strike which are not applicable*)
6. Part No./ Quantity (*if available/applicable*):
7. Vendor/s' name:

   (Note: Where more than one sources are available, limited tender amongst such sources should be issued.)
8. Vendor Category: OEM or OEM Authorized/Nominated Service Centre or Licensor Authorized/Nominated Service Centre or Source specifically developed by HAL (*strike which are not applicable*)
9. Previous ordering Information for the service (*if available*):
10. Whether item is under Warranty: Yes/ No; If Yes, Warranty valid till:
11. Reason for proposing the procurement of Service on the Vendor

    ……

(Methods/ Design/ DLE/ User Department*)	(Originating/ Indenting Department)
Signature:	Signature:
Name:	Name:
Designation:	Designation:
Date:	Date:

Approved By (Level-I Executive)

Signature:

Name:

Designation:

Date:

*User Dept. in case of GHE/GSE and non-standard equipment, etc.

Annexure – 34

Format of Bank Details Verification Request

Date: _____

To,

The Branch Manager

_____
_____
_____
_____

Sub: Request for Confirmation / Authenticity of Company Name and Bank Account Details

Sir,

It is requested to verify and confirm the authenticity of the Company/ Beneficiary Name and Bank Account details of the following Foreign Vendor through “MT 199” swift message with a view to avoid Cyber Frauds:

Company/ Beneficiary Name	
Company Address	
Bank Account No./ IBAN	
Name of Bank	
Bank Address	
SWIFT Code (11 digits)	

Charges, if any for both inside and outside India including confirmatory charges raised by the Beneficiary (Foreign Bank) shall be borne by HAL.

Signature:

Name:

Designation:

Division:

Phone no.:

(Note: Letter shall be signed by the Head of the Concerned Dealing Department i.e. IMM/ OS/ Works, etc.)

Annexure – 35

Format of Roadmap/ Plan for Indigenisation of Imported Item

A. Details of item to be imported

Name of Platform(s) / Project	
Part No	
Part Description	
Name of Foreign Vendor, Country	
Unit Cost – Import (In Rs Lakhs)	
QPA & Quantity proposed for import	

B. Details of similar indigenised item used / under indigenisation for any other platform, if any

	Platform-1	Platform-2	Platform-3
Name of platform			
Part No			
Design Agency (DA)			
Manufacture Agency			
Indigenisation status			
Unit Cost – Indigenised (In Rs Lakhs)			
Justification for not opting indigenised item – (details to be attached)			

C. Details for Indigenisation:

S. No	Parameter	Responsibility	Details
1	Nodal Division for Indigenisation (IA)	LDA	
2	Quantity per platform	LDA	
3	Projected Quantity for the program (Nos.) including SP phase	LDA	
4	Tentative development cost of the proposed item	LDA	
5	Budget Provision for Indigenisation	LDA	
6	Srijan Product ID	IA	
7	Indigenisation Route (In-house / Make-I / Make-II)	IA	

D. Indigenisation Plan/Road map for the imported item:

S. No	Parameter	Responsibility	Details
1	Placement of IDTO on IA, if applicable (date)	LDA	mm-yyyy
2	Floating of RFQ / Start of Design development (In-house)	IA	mm-yyyy
3	Project Sanction Order / Nil Value Project Sanction Order to selected DA under Make-I / Make-II	IA	mm-yyyy
4	Completion of Prototype Development	IA	mm-yyyy
5	Completion of Testing / Trials	IA	mm-yyyy
6	Certification of the developed item	LDA	mm-yyyy
7	Certification of Platform, expected	LDA	mm-yyyy
8	Use of Indigenised item from first Production aircraft. If not, justification to be attached.	LDA	(Yes/No)

Signature of Head of Nodal Division for Indigenisation (IA)	Signature of Head of Lead Design Agency (LDA)

LDA: Lead Design Agency for the platform; IA: Indigenisation Agency for the Item; DA: Design Agency for the Item

E. Committee Remarks:

Signature			
	Technical Head of Design Complex Member Secretary	Head of Indigenization (Design Complex)	Head of CO-Planning
Signature			
	Director (Engg., R&D)		Director (Ops)

Annexure – 36

Sample Prequalification Criteria

(Refer Para 6.7 – Division/Office may suitably include/reword as per their requirements)

Criteria 1 - Experience and Past Performance:

i) The bidder should have regularly for at least the last ***[three[1]]*** years, ending 31st March (or any other year ending followed in relevant country) of the previous financial year *(hereinafter called 'The relevant Date')*, manufactured and supplied ***(/ erected/ commissioned)[2] [Name of Requirement]***, with the same or higher specifications ***[having/with – parameters[3]]*** *(hereinafter called 'The Product')*, and

ii) The bidder' should have manufactured and supplied ***(/ erected/ commissioned)[4]*** at least ***[____[5]]*** numbers *(herein after referred as 'The Qualifying Quantity')* of 'The Product' in at least one of the last five years ending on 'The relevant Date', and out of which

iii) *(At least [one[6]] numbers of offered version/ model of 'The product' should be in successful operation for at least [two[6]] years on the date of bid opening.)*

Criteria 2 - Capability- Equipment & manufacturing Facilities:

i) 'The bidder' must have an annual capacity to manufacture and supply ***(/ erected/ commissioned)[7]*** at least 'The Qualifying Quantity'.

Note: In case of multiple products in a tender, this criterion shall be applicable product wise. For example, in case of Printing Paper of different specifications/ sizes, it shall be applicable to quantity of paper manufactured and supplied specification/ size wise.

ii) For Development and Supply of Flight Safety Items ***(as identified by Design/DLE/Licensor)*:**

Bidders/Vendors must possess AS9100D or higher version certification.

Criteria 3 - Financial Standing – under all conditions

a) The average annual financial turnover of 'The bidder' during the last three years, ending on 'The relevant Date', should be at **Rs. *[---------]* Crore[8]** (or equivalent in foreign currency at exchange rate prevalent on 'The Relevant Date') as per the annual report (audited balance sheet and profit & loss account) of the relevant period, duly authenticated by a Chartered Accountant/ Cost Accountant in India or equivalent in relevant countries.

---

[1] Change number of years if needed

[2] Add text within bracket in case of Plant and Machinery only and delete for others

[3] Insert the defining parameters like Speed or defining technology here

[4] Add text within bracket in case of Plant and Machinery only and delete for others

[5] Fix the quantity as 40 – 80 % or any other % of the quantity in the Bid Documents rounded up to next whole number. In case of uncommonly large quantity procurements, a lower percentage would ensure that otherwise capable suppliers do not get ruled out. In case of smaller procurements, a higher percentage would ensure that low capability vendors do not vitiate competition.

[6] Fill up a reasonable number. In a new technology product, the Manufacturer is not likely to meet the requirements number of products or of number of years' operating successfully; hence these can be reduced in such cases.

[7] Add text within bracket in case of Plant and Machinery only and delete for others

[8] Fix the value as 60% or any other % of the estimated cost of the quantity in the Bid Document.

b) The net worth of the Bidder firm (manufacturer or principal of authorised representative) should not be negative on 'The Relevant Date' and also should have not eroded by more than ***30%*** (thirty percent) in the last three years, ending on 'The Relevant Date'.

Note: In case of Indian Bidders/ companies (manufacturer or principal of authorised representative) who have been restructured by Banks in India, under the statutory guidelines, they would be deemed to have qualified the Financial standing criteria considering the institutional financial backing available to them.

Applicability in Special Cases:

a) Applicability to 'Make in India'**:** Bidders (manufacturer or principal of authorised representative) who have a valid/ approved ongoing 'Make in India' agreement/ program and who while meeting all other criteria above, except for any or more of sub-criteria in Experience and Past Performance above, would also be considered to be qualified provided:

   1) their foreign 'Make-in-India' associates meets all the criteria above without exemption, and

   2) the Bidder submits appropriate documentary proof for a valid/ approved ongoing 'Make in India' agreement/ program.

   3) the bidder (manufacturer or principal of authorised representative) furnishes along with the bid a legally enforceable undertaking jointly executed by himself and such foreign Manufacturer for satisfactory manufacture, Supply (and erection, commissioning if applicable) and performance of 'The Product' offered including all warranty obligations as per the general and special conditions of contract.

b) Authorized Representatives: Bids of bidders quoting as authorised representative of a principal manufacturer would also be considered to be qualified, provided:

   1) their principal manufacturer meets all the criteria above without exemption, and

   2) the principal manufacturer furnishes a legally enforceable tender-specific authorisation in the prescribed form assuring full guarantee and warranty obligations as per the general and special conditions of contract; and

   3) the bidder himself should have been associated, as authorised representative of the same or other Principal Manufacturer for same set of services as in present bid (supply, installation, satisfactorily commissioning, after sales service as the case may be) for same or similar 'Product' for past three years ending on 'The Relevant Date'.

c) For Existing successful Past Suppliers: In case the bidder (manufacturer or principal of authorised representative) who is a successful past supplier of 'The Product' in at least one of the recent past [three][1] procurements, who do not meet any or more of requirements above, would also be considered to be qualified in view of their proven credentials, for the maximum quantity supplied by him in such recent past.

d) Joint Ventures and Holding Companies: Credentials of the partners of Joint ventures cannot (repeat cannot) be clubbed for the purpose of compliance of PQC in supply of Goods/ Equipment, and each partner must comply with all the PQC criteria independently. However for the purpose of qualifying the Financial Standing Criteria, the Financial Standing credentials of a Holding Company can be clubbed with only one of the fully owned subsidiary bidding company, with appropriate legal documents proving such ownership.

NOTE FOR BIDDERS:

*a) **'Doctrine of Substantial Compliance'**: The Pre-Qualification Bidding (PQB) and Pre-Qualification Criteria (PQC) are for shortlisting of sources who are competent to perform this contract to ensure best value for money from expenditure of Public Money. This process is neither intended to bestow any entitlement upon nor to create any rights or privileges for the Bidders, by way of overly hair-splitting or viciously legalistic interpretations of these criteria, disregarding the very rationale of the PQB and PQC. Keeping this caveat in view, interpretation by Procuring Entity would be based on common usage of terminologies and phrases in public procurement in accordance with the 'Doctrine of Substantial Compliance' and would be final.*

b) *Along with all the necessary documents/ certificates required as per the tender conditions, the bidder should furnish a brief write-up, backed with adequate data, explaining his available capacity (both technical and financial), for manufacture and supply of the required goods/equipment, within the specified time of completion, after meeting all their current commitments.*

c) *Supporting documents submitted by the bidder must be certified as follows:*

   i) *All copy of supply/work order; respective completion certificate and contact details of clients; documents issued by the relevant Industries Department/ National Small Industries Corporation (NSIC)/ manufacturing licence; annual report, etc., in support of experience, past performance and capacity/capability should be authenticated by the by the person authorised to sign the tender on behalf of the bidder. Original Documents must be submitted for inspection, if so demanded.*

   ii) *All financial standing data should be certified by certified accountants, for example, Chartered Accountants/ Cost Accountants or equivalent in relevant countries; and Indian bidder or Indian counterparts of foreign bidders should furnish their Permanent Account Number.*

Note for Purchaser

Portions in italics are for your decision/ guidance; these are not to be printed in the bid documents. Portion within [ ] brackets are to be filled without brackets. Footnotes are for internal guidance and should not be part of the bid documents.

Annexure – 37

Indemnity Bond Format

Indemnity Bond in lieu of Bank Guarantee

for Security Deposit/ Advance Paid/ Performance of Contract

(*Strike out which is not applicable*)

(*To be printed on applicable Non-Judicial Stamp Paper*)

This deed of Indemnity is made and executed on this ___ day of _____ Month and _____ year, by and between:

M/s. (*Name of the PSU, with Incorporation, Address, & Authorised Signatory details to be included*), hereinafter referred to as 'Indemnifier' which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators, representative and assignees;

in favour of

M/s. HINDUSTAN AERONAUTICS LIMITED, a Maharatna CPSE, under Department of Defence Production, Ministry of Defence, having its Registered Office situated at #15/1, Cubbon Road, Bangalore - 560 001, hereinafter referred to as the 'Indemnified' which expression shall unless repugnant to the context or meaning thereof, include its successors and assignees witnesses as to.

Whereas the Indemnified herein has awarded to the Indemnifier herein a Contract for _____ (*please specify the purpose of contract/SoW*) on the terms and conditions set out inter alia in the Contract vide Contract No. _____, dated: _____, for a total value of the Contract being Rs. _____/- (*specify in words also*) including applicable taxes (GST), out of which 5% of the total Contract value excluding applicable taxes (GST), which shall be Rs. _____/- (*specify in words also*) is to be submitted by way of Bank Guarantee towards Security Deposit/Advance paid/for Performance of Contract (*strike out which is not applicable*). As the Indemnifier being a Public Sector Undertaking and in line with clause/Para ____ of Terms and Conditions of the said Contract a Bank Guarantee is to be submitted by way of Indemnity Bond in lieu of Bank Guarantee towards Security Deposit/Advance paid/for Performance of Contract (*strike out which is not applicable*).

That in case, if the contract is not executed to the entire satisfaction of Indemnified, then this Indemnity Bond issued in lieu of Security Deposit/Advance paid/for Performance of Contract (*strike out which is not applicable*) shall be enforced and the Indemnifier shall indemnify the Indemnified to the extent of the agreed value of Rs. _____/- (*specify in words also*), besides initiation of risk purchase action if allowed in the Contract. This Indemnity Bond shall come into force from the date of execution and shall remain valid up to 60 days after completion of the contractual scope of work/requirement successfully to the complete satisfaction of Indemnified, which date of completion shall include any time extension of schedule of completion of Contract.

That the Indemnifier hereby irrevocably agrees to indemnify the Indemnified that in the event of any loss or damage caused to or suffered or would be caused to Indemnified by reason of any breach by the Indemnifier of any one of the terms and conditions contained in the said Contract or by reason of the Indemnifier's failure to perform the said contract, the indemnifier shall as may be deemed necessary if applicable, repair the defective work or stores, free of cost, within a reasonable time specified by the Indemnified or reimburse the pro-rata cost of the work/stores to the extent a life not achieved as per the guarantee or supply a spare/stores for the defective portion only free of cost or refund of Advance amount received in respect of the obligations of the Contract emanated from the said Contract already referred, to the extent of Rs. _____/- (*specify in words also*).

This Indemnity Bond is Valid till date _____ or till completion of the contractual scope of work/requirement successfully to the complete satisfaction of Indemnified, which date of completion shall include any time extension of schedule of completion of contract, whichever occurs earlier.

For M/s _____

(Authorised Signature with Name and Designation)

Place: _____

Date: _____

Company Seal

Witnesses:

1. _____

(Signature with Name, Designation & Address)

2. _____

(Signature with Name, Designation & Address)

Annexure – 38

Format of Installation and Commissioning Report

Installation & Commissioning Report

Ref. No.: _____ Date:_____

Division: _____ Dept./ Shop: _____

1.	Description of the Equipment/ Machine	:
2.	Equipment Make/ Model/ Type	:
3.	Serial Number of the Equipment	:
4.	PO No. & PO date	:
5.	PO value (in Rs. Lakhs)	:
6.	Vendor's Name & address	:
7.	Actual date of supply of the Equipment (as per PO terms)	:
8.	RR No. & date	:
9.	Date of site readiness for Installation	:
10.	Date of Installation	:
11.	Date of completion of Job Prove-out (as per PO terms)	:
12.	Date of Completion of Training for staff in Maintenance & Operation by vendor (as per PO terms)	:
13.	HAL Equipment No. allotted	:
14.	Warranty Period (From & To)	:
15.	Details of PBG with validity	:
16.	Date of Commissioning	:

(Note: 1. Enclose copy of Minutes of Meeting signed by the User dept., Plant Maintenance, Facility Planning, QC, Stores and the vendor.

2. Reasons for delay, if any, whether attributable to HAL or vendor with the delayed period should also be mentioned in the report.)

It is certified that the Machine prove out, installation and commissioning have been completed satisfactorily as per the P.O. details (Specifications and Terms & Conditions).

Engineer-in-Charge (Maintenance) Engineer-in-Charge (Shop)

HOD of Plant Maintenance HOD of User Department

Reference – 1

Retention Period of Records/Documents

Sl. No.	Nature of Record	Period of Retention
1	Files relating to - policy matters - TOT contracts - Licence Agreements - replies to the Questionnaires issued by the recommendations of the Committee on Public Sector Undertakings, Administrative Reforms Commissions, National Commission on Labour and Parliamentary Committees.	Permanent till validity/ requirement of the document exists
2	Periodical Returns to Government and Reports under the Management Reporting system	Three Years
3	Purchase Orders and connected correspondence/records	Twelve Years after closure/ completion of obligations by both parties or last transaction in ERP
4	Documents related to Vendor Registration	Five years beyond the registration validity. In case of rejection of registration application, documents to be retained for three years from the date of rejection.
5	Material Purchase Request (MPR)/ Capital Purchase Request (CPR)/ Service Purchase Request (SPR)/ Any other Indent Files	To be retained with corresponding Purchase Order (PO) file and accordingly retention period as applicable for PO file. However, in case MPR/CPR/SPR is not converted to PO, same should be retained for three years after short-closure.
6	Bills of Entry	Five Years
7	Records pertaining to HAL's Insurance claims	Three Years after final settlement
8	Non-returnable Material Gate Passes	Five Years
9	Returnable Material Gate Passes	Three Years after closure

Hindustan Aeronautics Limited							
Commercial Bid							
Tender No:							
PRICE SHEET FORMAT							
A)	Cost of Equipment including warranty period of 12 months :						
Sl No.	Description	CURRENCY OF QUOTE:					
		Qty	Unit of Meas.	Unit Rate	Delivery Schedule	Total Amount	REMARK
A1.1	Basic Equipment						
A1.2	Standard Accessories						
A1.3	Mandatory Spares/ Spares of consumable nature not covered under warranty BUT required for normal operation of equipment during the warranty period						
A1.4	Taxes & Duties on (A1.1 + A1.2 + A1.3) (every tax elements to be shown separately)						
A1	Sub-Total A1 (= A1.1 +A1. 2 + A1.3 + A1.4)						
A2.1	Erection & Commissioning						
A2.2	Service Taxes & Duties on (A2.1) (every tax elements to be shown separately)						
A2	Sub-Total A2 (=A2.1 + A2.2)						
A3.1	Training (if not Free of Cost)						
A3.2	Taxes & Duties on A3.1						
A3.3	Freight, if any						
A3.4	Packing Charge, if any						
A3.5	Forwarding Charge, if any						
A3	Sub-Total A3 (=A3.1 + A3.2+ A 3.3+A3.4+A3.5)						
A	Total Cost (A = A1 + A2 + A3)						

B)	Cost of CAMC for 04 years after expiry of Warranty period (if applicable):						
Sl. No.	Description	CURRENCY OF QUOTE:					
		1st year Rate	2nd Year Rate	3rd Year Rate	4th Year Rate	Total Amount	REMARK
B1.1	CAMC including spares covered under this						
B1.2	Taxes & Duties on CAMC - Services						
B1.3	Taxes & Duties on CAMC - Spares						
B1	Sub-Total B1 (= B1.1 + B1.2 + B1.3)						
B2.1	Mandatory Spares/ Spares of consumable nature not covered under CAMC BUT required for normal operation						
B2.2	Taxes & Duties on Mandatory Spares						
B2	Sub-Total B2(= B2.1 + B2.2)						
B	Sub-Total (B = B1 + B2)						
C	Total Cost = (A + B)						

TO BE WORKED OUT BY HAL (only for internal use - not be part of the tender document)							
D)	LOADING FACTORS (Please refer attached sheet for loading factors).						
D1	DT FACTOR						
D2	PT FACTOR						
D3	LD FACTOR						
D5	WA FACTOR						
D	TOTAL FACTOR (D1+D2+D3+D4+D5)						
E	LANDED COST TO HAL (C+D)						
Notes:							
1. ADDITIONAL SHEET may be used for giving detailed break-up for taxes, spares, accessories etc.							

Loading Factor Details

(If required for evaluation appropriately to be included in the tender documents)

Factors for Loading in Comparative Price Statement

Item	Max. Loading Factor	Amount to be Added on Basic Price	
Delivery Term (DT Factor)	Actuals	0.02*Q Ex-Works (Inland)	F*Q/100 [FCA/FOB (Foreign)], where F = Freight & Insurance (in %) as provided by Divisional Finance or 2%, whichever is higher. Besides, in case of Ex-works (Foreign) an additional 0.5% will be loaded.
Payment Term (PT Factor)	Actuals	LC + ((T/ 12)*(R/100)*QL)*0.02 (for Letter of Credit terms)	((T/ 12)*(R+2)/100*QA) (for Advance Payment & Milestone payment/s)
Liquidated Damage (LD Factor) (LD @ 0.5% per week of delay maximum up to 10% of PO value)	10%	(10-L)*Q/100	
Warranty (WA Factor)	Actuals	0.03*Q*(WR-WQ)/12	

Abbreviations

Quoted Price	Q
Extent of LC payment in Quoted price	QL
Extent of Advance/milestone payment in Quoted price	QA
LC Charges as applicable	LC
Marginal Cost of Funds-based Lending Rate (MCLR) per annum	R
LC/ Advance/ milestone payment duration in Months as per PO	T
Maximum Rate of LD agreed	L
Warranty in Months as per RFQ	WR
Warranty Offered in Months	WQ

Note:

1) MCLR rate (from SBI) should be provided by Divisional Finance.
2) Bank Charges/LC Charges should be provided by Divisional Finance.
3) Loading factors as mentioned should be applied if vendor has not quoted as per RFQ terms.
4) All loading factors should be on Quoted Basic Price.
5) In case of mixed payment terms (e.g. 10% Advance & 90% Direct Payment, etc.), the proportionate loading should be done.
6) If packing & forwarding charges are quoted, additional loading to be done as quoted.

Reference – 3

Reference of Important Websites

(Customs Notifications, Exchange Rates, Labour and Material Indices etc.)

Reference	Website/ URL
Customs Department	http://www.cbic.gov.in/
Customs Acts	https://taxinformation.cbic.gov.in/content-page/explore-act
Customs Tariff	https://www.cbic.gov.in/htdocs-cbec/customs/custom-tariff
Customs Forms	https://taxinformation.cbic.gov.in/content-page/explore-forms
Customs Notifications	https://taxinformation.cbic.gov.in/content-page/explore-notification
Customs Manual	https://www.cbic.gov.in/htdocs-cbec/deptt_offcr/cs-manual
Inflation and Price Indices in UK	https://www.ons.gov.uk/economy/inflationandpriceindices
USA, Bureau of Labor Statistics Data	http://www.bls.gov/home.htm
USA, Producer Price Indexes	http://www.bls.gov/ppi/
French Indices	http://www.insee.fr/en/home/home_page.asp
Euro Statistics	https://ec.europa.eu/eurostat
Worldwide business purchasing and marketing directory	http://www.kompass.com/
Inventory Locater Service (subscription necessary)	www.ilsmart.com (id: ay6zu01 Pwd: csrfay6z)
Search by part number, NSN, NIIN and keyword	www.partsbase.com (id: nmyadav Pwd: nmyadav)
INCOTERMS	http://www.iccwbo.org/home/menu_incoterms.asp
UK Export Control	https://www.gov.uk/government/organisations/export-control-joint-unit
UK Business tax - Import, export and customs for businesses	https://www.gov.uk/topic/business-tax/import-export
Defence Procurement Procedure	https://www.mod.gov.in/dod/defence-procurement-procedure-dap
Goods and Services tax	http://www.cbic.gov.in/htdocs-cbec/gst/newgst

Note: Websites/ URL of above reference may change from time to time. Divisions are advised to refer correct websites/ URL.

Reference - 4

Procurement from Micro, Small and Medium Enterprises (MSMEs)

Definition:

Based on Micro, Small and Medium Enterprises Development Act 2006 and its Amendments from time to time, current definition of Micro, Small and Medium Enterprises are as below:

i) A micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;

ii) A small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;

iii) A medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

A. Public procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012

S.O.581(E).- Whereas, the Central Government Ministries, Departments and Public Sector Undertakings shall procure minimum of 20 percent of their annual value of goods or services from Micro and Small Enterprises:

And whereas, the Public Procurement Policy shall apply to Micro and Small Enterprises registered with District Industries Centers or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation or Directorate of Handicraft and Handloom or any other body specified by Ministry or Micro, Small and Medium Enterprises:

And whereas, the Public Procurement Policy rests upon core principles of competitiveness, adhering tosoundprocurementpracticesandexecutionofordersforsupplyofgoodsorservicesinaccordance with a system which is fair, equitable, transparent, competitive and cost effective;and

And whereas, for facilitating promotion and development of micro and small enterprises, the Central GovernmentorthestateGovernment,asthecasemaybe,byordernotifyfromtimetotime,preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or Departments, as the case may be, or its aided institutions and public sector enterprises.

Now, therefore, in exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Central Government, by Order, notifies the Public Procurement Policy (hereinafter referred to as the Policy) in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries, Department and Public Sector Undertakings.

2. Short title and commencement:-

a) This Order is titled as 'Public procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012'.

b) It shall come into force with effect from 1stApril2012.

3. Mandatory procurement from Micro Small and Enterprises:-

a) Every Central Ministry or Department or Public Sector Undertaking shall set an annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 percent, of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of three years.

b) Annual goal of procurement also include sub-contracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries

Corporation.

c) After a period of three years i.e. from 1st April 2015, overall procurement goal of minimum of 20 percent shall be made mandatory.

d) The Central Ministries, Department and Public Sector Undertakings which fail to meet the annual goal shall substantiate with reasons to the Review Committee headed by Secretary (Micro, Small and Medium Enterprises), constituted in Ministry of Micro, Small and Medium Enterprises, under this Policy.

4. Special provisions for Micro and Small Enterprises owned by Scheduled Castes or Schedules Tribes:-

Out of 20 percent target of annual procurement from Micro and Small Enterprises, a sub-target of 20 percent (i.e. 4 percent out of 20 percent) shall be earmarked for procurement from Micro and Small Enterprises owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs. Provided that, in event of failure of such Micro and Small Enterprises to participate in tender process or meet tender requirements and L1 price, 4 percent sub-target for procurement earmarked for Micro and Small Enterprises owned by Scheduled Caste or Scheduled Tribe entrepreneurs shall be met from other Micro and Small Enterprises.

5. Reporting of targets in Annual Report:-

a) The data on Government procurements from Micro and Small Enterprises, is vital for strengthening the Policy and for this purpose, every Central Ministry or Department or Public sector Undertaking shall report goals set with respect to procurement to be met from Micro and Small Enterprises and achievement made thereto in their respective Annual Reports.

b) The annual reporting shall facilitate in better understanding of support being provided by different Ministries or Departments or Public Sector Undertakings to Micro and Small Enterprises.

6. Price quotation in tenders:-

a) tender participating Micro and Small Enterprises quoting price within price band of L1+15 percent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprises and such Micro and Small Enterprises shall be allowed to supply up to 20 percent of total tendered value.

b) In case of more than one such Micro and Small Enterprises, the supply shall be shared proportionately (to tendered quantity).

7. Developing Micro and Small Enterprises vendors:-The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes or Buyer-Seller Meets and entering into Rate Contract with Micro and Small Enterprises for a specified period in respect of periodic requirements.

8. Annual Plan for Procurement from Micro and Small Enterprises on websites:– The Ministries or Departments or Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.

9. Enhancing participations of Micro and Small Enterprises, including those owned by Scheduled Castes or Scheduled Tribes in Government procurements:- For enhancing participation of Schedule Castes or Scheduled Tribes in Government procurement, the Central Government Ministries. Department of Public Sector Undertakings shall take following steps, namely:-

a) Special Vendor Development Programmes or Buyer-Seller Meets shall be conducted by Departments/Public Sector Undertakings for Scheduled Castes or Scheduled Tribes;

b) Outreach programmes shall be conducted by National Small Industries Corporation to cover more and more Micro and Small Enterprises from Scheduled Castes or Scheduled Tribes under its schemes of consortia formation; and

c) National Small Industries Corporation shall open a special window for Scheduled Castes or

Scheduled Tribes under its Single Point Registration Scheme (SPRS).

10. Reduction in transaction cost:- To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money, adopting e-procurement to bring in transparency in tendering process and setting up a Grievance Cell in the Ministry of Micro, Small and Medium Enterprises.

11. Reservation of specific items for procurement:- To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure items from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. This will help in promotion and growth of Micro and Small Enterprises, including Khadi and village industries, which play a critical role in fostering inclusive growth in the country.

12. Review Committee:-

i) A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of Micro, Small and Medium Enterprises for monitoring and review of Public Procurement Policy for Micro and Small Enterprises vide order No.21(1)/2007-MA dated the 21st June 2010.

ii) This Committee shall, inter alia, review list of items reserved for exclusive purchase from Micro and Small Enterprises on a continuous basis, consider requests of Central Ministries or Departments or Public sector Undertakings for exemption from 20 per cent target on a case to case basis and monitor achievements under the Policy.

13. Setting up of Grievance Cell:- In addition, a 'Grievance Cell' will be set up in Ministry of Micro, Small and Medium Enterprises for redressing grievances of Micro and Small Enterprises in Government procurement. This cell shall take up issues related to Government procurement raised by Micro and Small Enterprises with Departments or agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments or agencies that put Micro and Small Enterprises at a disadvantage.

14. Special Provisions for Defence Procurements:-Given their unique nature, defence armament imports shall not be included in computing 20 per cent goal for Ministry of Defence. In addition, defence equipment like weapon systems, missiles, etc. shall remain out of purview of such Policy of reservation.

15. Monitoring of Goals:-The monitoring of goals set under the Policy shall be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedure to be established by them.

16. Removal of difficulty:-Any difficulties experienced during the course of implementation of the above Policy shall be clarified by Ministry of Micro, Small and Medium Enterprises through suitable Press releases which would be kept on the public domain.

(S.O.581(E) dtd. 23rd March 2012)

B. Amendment to Public procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012

i) MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES ORDER (Amendment - 9th November, 2018)

S.O. 5670(E).-In exercise of powers conferred by section II of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), the Central Government hereby makes the following amendments to the Public Procurement Policy for the Micro and Small Enterprises (MSEs) Order, 2012 namely:-

1. (i) This Order may be called the Public Procurement Policy for Micro and Small Enterprises (MSEs) Amendment Order, 2018. (ii) This shall come into force on the date of its publication in the Official Gazette.

2. Throughout the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, (hereinafter referred to as the said Order), for the figures and word "20 per cent", wherever they occur, the figures and word "25 per cent" shall be substituted.

3. After paragraph 4 of the said Order, the following paragraph shall be inserted, namely:- "4A. Special provision for Micro and Small Enterprise owned by women.

"Out of the total annual procurement from Micro and Small Enterprises, 3 per cent from within the 25 per cent target shall be earmarked for procurement from Micro and Small Enterprises owned by women" .

[F.No.21(22)-2018-MA]

ii) MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES ORDER (Amendment – 11th August, 2021)

S.O. 3237(E).—In exercise of the powers conferred by section 11 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), the Central Government hereby makes the following order further to amend the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, namely:-

1. Short title and commencement.-

(1) This order may be called the Public Procurement Policy for Micro and Small Enterprises (MSEs) Amendment Order, 2021.

(2) This order shall come into force on the date of its publication in the Official Gazette.

2. In the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, (hereinafter referred to as the said order), in paragraph 3, sub-paragraph (1) shall be omitted.

3. In the said order, paragraph 7, the following paragraph shall be substituted, namely:-

"7. Developing Micro and Small Enterprises vendors.- The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organising Vendor Development Programmes or Buyer-Seller Meets focused on developing Micro and Small Enterprises (MSEs) for procurement through GeM Portal."

4. In the said order, paragraph 8 shall be omitted.

[F. No. 12(4)/2020-MA]

Note: Any amendment (including definition of MSME) issued and which are in force from time to time should be considered for compliance. Website/URL - https://www.msme.gov.in shall be referred for the latest amendments.

Reference - 5

CVC/ DOE Letter regarding Withdrawal of all CVC Guidelines

सत्यमेव जयते

केन्द्रीय सतर्कता आयोग
CENTRAL VIGILANCE COMMISSION

सतर्कता भवन, जी.पी.ओ. कॉम्प्लेक्स,
ब्लॉक-ए, आई.एन.ए., नई दिल्ली-110023
Satarkta Bhawan, G.P.O. Complex,
Block A, INA, New Delhi-10023

सं./No. 022/VGL/032
दिनांक / Dated 11.07.2022

Circular No. 14/07/22

Subject: Updation of Manual on Procurement of Goods, Services, Works and Consultancy, etc.

Central Vigilance Commission and D/o Expenditure have issued guidelines on public procurement from time to time.

2. After due deliberations, it was decided that for the sake of uniformity and to avoid multiplicity of authorities for issuance of guidelines on procurement related issues, updated Manuals may be issued by D/o Expenditure only, after taking into consideration the guidelines issued by the Commission. Accordingly, D/o Expenditure have updated and released *i) Manual on Procurement of Goods; ii) Manual on Procurement of Works; and iii) Manual on Procurement of Consultancy & Other Services, wherein the guidelines issued by the Commission on public procurement has also been assimilated.* The same are available on Commission's website i.e. www.cvc.gov.in under the head "Guidelines" and sub-head "Tender Guidelines".

3. The Commission has desired that all the Chief Vigilance Officers may take note of the updated Manuals and bring the same to the notice of Chief Executive/Management of their organisation, along with other authorities concerned, for strict compliance henceforth. An introductory note relating to updated Manuals, as quoted above, is enclosed for guidance and reference purpose.

(Rajiv Verma)
Director

Encl: As above

Central Vigilance Commission
New Delhi

To,

(i) The Secretaries of all Ministries/Departments of GoI
(ii) All Chief Executives of CPSUs/Public Sector Banks/Public Sector Insurance Companies/ Public Sector Financial Institutes/ Autonomous Bodies etc.
(iii) All CVOs of Ministries/Departments of GoI/CPSUs/Public Sector Banks/Public Sector Insurance Companies/Public Sector Financial Institutes/Autonomous Bodies etc.
(iv) Website of CVC



Central Vigilance Commission

Central Vigilance Commission (CVC) has been issuing various guidelines on Public Procurement from time to time. So far, in all 72 number of circulars containing issue specific guidelines were issued and were also hosted on Commission's website.

2. Apart from the guidelines issued by CVC, Department of Expenditure (DoE), Government of India has also been issuing guidelines on public procurement including manuals on procurement of goods, works and consultancy & other services.

3. On other occasions, various other Organisations like NITI Aayog, D/o Promotion of Industry & Internal Trade have also issued guidelines on public procurement. CVC after deliberations with DoE and within the Organisations has come to logical conclusion that it would only be appropriate if public procurement guidelines are issued from D/o Expenditure. Due to multiple organizations issuing guidelines, procurement executives were facing problems in having a single authoritative source of reference.

4. DoE in collaboration with CVC has now updated (i) Manual on Procurement of Goods, (ii) Manual on Procurement of Works (iii) Manual on Procurement of Consultancy & Other Services, wherein all the CVC guidelines on public procurement have been merged.

5. These updated Manuals have been released by Cabinet Secretary in the office of Central Vigilance Commission on 1st July, 2022 in presence of CVC and Finance Secretary. Secretaries of various Ministries/Departments, Heads of PSUs/PSBs, officials of CVC, officials of DoE etc. were also present.

6. These updated Manuals of D/o Expenditure have been uploaded on the website of CVC and all the earlier guidelines of CVC on public procurement have been withdrawn. All the Organisations are required to update/align their procurement guidelines/manuals in line with the above Manuals of D/o Expenditure and upload them on their website at the earliest for easy access of their officials and other stakeholders.

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Central Vigilance Commission
New Delhi

No.F.1/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division
*****

264-C, North Block, New Delhi.
4th August, 2022.

OFFICE MEMORANDUM

Subject: Updated Manuals for Procurement of Goods, Services and Works.

The undersigned is directed to forward copies of the following three updated Procurement Manuals:

a. Manual for Procurement of Goods,
b. Manual for Procurement of Works,
c. Manual for Procurement of Consultancy & Other Services.

These Manuals were comprehensively revised and issued in 2017 & 2019; they have been recently updated and the updated version was issued on 01.07.2022.

2. Instructions on procurement and the GFR amendments issued by Department of Expenditure from time to time, since issuance of last Procurement Manuals, have been incorporated in the current editions. Instructions relating to Public Procurement (Preference to Make-in-India) Order and the Order giving preference to Micro and Small Enterprises (MSEs) and certain other procurement related instructions have been also updated. Further, all erstwhile procurement related instructions issued by Central Vigilance Commission (CVC) have been subsumed into these Procurement Manuals. Vide OM no. 022/VGL/032 (circular no 14/07/22), CVC has also advised that all earlier instructions issued by CVC on public procurement have been withdrawn and all the organizations are required to update/ align their procurement guidelines/ manuals in line with manuals issued by Department of Expenditure.

3. These Manuals are a standard reference document for public procurement across all Ministries/ Departments/ their attached & subordinate offices/ autonomous bodies and Central Public Sector Enterprises (CPSEs) etc. They are to be taken as generic guidelines, which are necessarily broad in nature, except to the extent mentioned in para 5 of this OM.

4. Ministries/ Departments etc may supplement these manuals to suit their local/ specialized needs, by issuing their own detailed manuals or instructions including customized formats, Standard Bidding Documents and Schedule of Procurement Powers as guidance for their own procuring officers.

5. Certain instructions containing "shall" in the Manual for Procurement of Works are mandatory (indicated at the end of respective paragraphs) both for Ministries/ Departments etc as well as CPSEs. Any deviation from these instructions shall require relaxation from this Department (for Ministries/ Departments etc.) or from the Board of Directors (for CPSEs).

6. These Manuals are also available on the website of Department of Expenditure.

7. It is requested that above may be informed to all organizations under your control including autonomous bodies as well as CPSEs.

04/08/2022

Kanwalpreet
Director (Procurement Policy)
Tel.: 23093811
email: kanwal.irss@gov.in

To

Secretaries of all Central Government Ministries/ Departments.
Financial Advisers of Central Government Ministries/ Departments

Copy to:
1) Secretary, Department of Public Enterprises (with a request for also reiterating these instructions for compliance of all CPSEs in this regard).
2) Chief Secretaries of States and Union Territories: for information.

Reference – 6

Arbitration

1. The term Arbitration has not been defined in any enactment. Arbitration in general means "Reference of a dispute or difference between not less than two parties for determination, after hearing both the sides in a judicial manner, by a person or persons other than Court of competent jurisdiction."

2. Introduction

The India Arbitration has witnessed several sea changes since its inception and continues till date. The Arbitration and Conciliation Act, 1996 ("the Act") was based on the United Nations Commission on International Trade Laws (UNCITRAL) Model Law on International Commercial Arbitration, 1985 and the UNCITRAL Conciliation Rules, 1980. It was enacted with the following key purposes:

- Creating a consolidated legal framework dealing with arbitrations (both domestic and international) and conciliation:
- For minimizing judicial interference and supervision
- For creating a speedy and cost-effective dispute resolution mechanism
- For providing a robust enforcement system for arbitration awards

Thereafter, Arbitration and Conciliation (Amendment) Bill 2003 was proposed initially but later the Bill is withdrawn from the Parliament. Subsequently the enactment of the Arbitration and Conciliation (Amendment Act), 2015 came into existence, which substantially changed the existing regime and led the way for a new era of Arbitration which greatly enhanced the public perception towards Arbitration.

The key changes brought about by the 2015 amendment act can be broadly classified under the following categories:

a) Restricting Judicial Intervention:

The key object of this Amendment Act *inter alia* was to limit such judicial interference and inserted express provisions which drastically curtailed the powers of the Court and its interference in arbitral proceedings.

b) Expediting the process of arbitration:

To achieve this objective, specific timeframes were introduced for different stages of arbitral process. A time-frame of 12 months (extendable by further 6 months) was also prescribed for completion of the entire Arbitration proceeding, failing which parties had to approach court for extension. The Courts were also given liberty to issue appropriate directions while granting such extension, including directions for replacement of Arbitrators.

c) Improving the overall functioning of arbitration:

The Amendment makes it more appealing to the public at large, by creating a model fee schedule for arbitrators to limit expenses, setting up mechanisms to ensure neutrality and impartiality of Arbitrators.

Later the Amendment Act 2019 was introduced with a specific focus on promoting institutional arbitrations in India. To promote such Institutional Arbitration, the Act vested the power of appointing Arbitrators solely with arbitral institutions designated by the Supreme Court or the High Court. The Amendment Act also created an apex body for Arbitration, the Arbitration Promotion Council of India ("APCI"), which consisting of different stakeholders, for the purpose of monitoring and promoting Arbitration in India. These changes related to institutional Arbitration and creation of APCI are yet to be notified.

The recent amendments of 2015 and 2019 along with various judicial pronouncements over past several years have contributed significant growth and led Arbitration as an efficacious alternative mechanism compared to traditional litigation through Courts.

3. Arbitration can be classified into two categories:

i) Ad-hoc Arbitration:

In an ad-hoc Arbitration system the parties are required to make their own arrangements for selection of arbitrators, for designation of rules, applicable law, procedures and administrative support. The ad-hoc proceedings can be more flexible than an administered proceeding. As such ad-hoc Arbitrations are considered as flexible, which enables the parties to decide upon the dispute resolution procedure.

ii) Institutional Arbitration:

The institutional Arbitration is the one in which a specialized institution with a permanent character assumes the function of administering the arbitral process, as provided by the rules of that institution. There are Domestic and International Institutional Arbitration Center's, which are governed by their rules providing for strict time line to be adhered to, within which time the arbitration is mandatorily required to be completed and the award needs to be passed. These institutions have pre-established rules and procedures to conduct arbitrations. These institutions also have a list of qualified arbitrators, from which the parties can choose, nominate and appoint an arbitrator

To name a few Institutional Arbitration Center's like Indian Council of Arbitration ("ICA"), the Delhi International Arbitration Centre ("DIAC"), the Mumbai Centre for International Arbitration ("MCIA"), India International Arbitration Centre ("IIAC") and the International Centre for Alternative Dispute Resolution ("ICADR") etc., exists.

4. With the consent of the Parties to the Contract, there can be a provision for Arbitration by way of a separate Arbitration Agreement or in the form of an Arbitration clause. The provisions of Arbitration should be simple and effective without any ambiguity. It has to demonstrate a consensus between parties to refer the dispute/difference to Arbitration. An Arbitration clause that is present in a contract will be viewed as a separate and distinct Agreement between the Parties.

5. The following factors have to be borne in mind while drafting an arbitration clause:-

a) Number and Manner of Appointment of Arbitrators.

b) Place of arbitration.

c) Applicable law and language.

d) Procedure agreed upon between parties to the contract.

e) Acceptance of Parties for making the Arbitral Award binding.

6. For settlement of disputes between Public Sector Enterprises or Undertakings and or Government department will be as per Government guidelines issued from time to time.

Reference – 7

Glossary of Purchase Terms

1. ABANDONMENT

Refusal to receive freight so damaged in transit as to be worthless and render carrier liable for its value.

2. ABSORPTION

The assumption by a carrier of switching or other special charges without increasing the charge to the shipper.

3. ACKNOWLEDGEMENT

A form used by a vendor to advise a purchaser that his order has been received. It usually implies acceptance of order.

4. AD-VALOREM (ACCORDING TO VALUE)

Ad-valorem is usually applied to a customs duty charges upon the value only of goods that are dutiable, irrespective of quality, weight or other considerations. The ad-valorem rates of duty are expressed in percentage of the value of the goods, usually ascertained from the invoice.

5. ADVICE OF SHIPMENT

A notice sent to purchaser advising that shipment has gone forward and usually containing details of packing, routing etc.

6. AFFIDAVIT

A written statement sworn to before a notary.

7. AFTER SIGHT

An expression used on bills of exchange and meaning “after presentation to the drawee for acceptance”.

8. AGENCY

The term “agency” signifies relations existing between two parties by which one is authorized to perform or transact certain business for the other; also applies to the office of the agent.

9. AGENT

One acting for another, called principal, in dealing with third party.

10. ANCILLARY INDUSTRIAL UNDERTAKINGS

An industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50 percent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or on hire-purchase, does not exceed Rs 10 million. Definition of Ancillary, Micro, Small and Medium Industry may be referred at www.dcmsme.gov.in of Ministry of MSM Enterprises, GOI.

11. ARBITRATION

The investigation and decision of a cause or matter between parties in controversies, by chosen persons.

12. ARRIVAL NOTICE

A notice sent by the carrier to the consignee advising of the arrival of the shipment.

13. AS IS

A term indicating that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the vendor for the quality or condition of the goods.

14. ASSIGNED SIDING

A side or team track owned by a carrier and assigned to one or several industrial concerns for loading or unloading.

15. ASSIGNMENT

Transference of some property right or title to another party. This term is frequently used in connection with bills of lading, which are endorsed (assigned) over, to another party (the assignee) by the owner of the bill (assignor). Such endorsement gives to the party named the title to the property covered by the bill of lading.

16. ASTRAY FREIGHT

Freight bearing marks indicating owner and destination, but separated from the waybill.

17. AUTHORISED DEVIATION

A permission to a vendor authorizing the production or delivery on a restricted basis of items not in conformance with the applicable drawings or specifications.

18. BACK ORDER

That portion of an order which the vendor cannot deliver at the scheduled time and which he has re- entered for a shipment at a later date.

19. BID

An offer, as a price, whether for payment or acceptance. A quotation specifically given to a prospective purchaser upon his request, usually in competition with other vendors. An offer, by a buyer to vendor, as at an auction.

20. BILL

A form used by a carrier as an invoice showing consignee, consignor, description of shipment, weight, freight rate, freight charges and other pertinent information about goods being transported.

21. BILLED WEIGHT

The weight on the basis of which charges are assessed by the carrier and shown in freight bill and way bill.

22. BILL OF ENTRY

The detailed statement by the importer of the nature and value of goods entered at the customs house and used for clearance purposes.

23. BILL OF LADING

23.1 The straight bill of lading is a non-negotiable document and provides that a shipment is to be delivered direct to the party whose name is shown as consignee. The carriers do not require its surrender upon delivery except when necessary that the consignee be identified.

23.2 The order bill of lading is negotiable. Its surrender, endorsed by the shipper, is required by the carriers upon delivery, in accordance with the terms thereon. The object of an order bill of lading is to enable a shipper to collect payment for his shipment before it reaches destination. This is done by sending the original bill of lading, with draft drawn on the consignee, through a bank. The drawee, or the one to whom delivery is made, receives the lading upon payment of the draft and surrenders it to the carrier's agent for the shipment of goods. It is customary for shipper, when forwarding goods on this form of lading, to consign the shipment to himself to be delivered only upon his order, destination the person or firm to be notified of its arrival at destination.

23.3 An ocean bill of lading is one issued by an ocean carrier for marine transport of goods.

24. BONDED WAREHOUSE

Place owned by persons approved by the secretary of the Treasury and who have given guarantees or bonds for the strict observance of revenue laws. Such warehouses are used for the4 storage and custody of import merchandise, subject to duty, until the duties are paid or the goods reshipped without entry.

25. COST AND FREIGHT

A term used when goods are to be conveyed by ocean marine transportation and meaning that the price stated includes both the cost of the goods and the transportation charges to the named point of destination. The vendor is liable for the ocean freight charges and for all risks and other charges until he has received a clean ocean bill of lading from the carrier (either a "received for shipment" or an "on board", as agreed between Vendor and Buyer) at which point title passes to the buyer. The buyer is liable for all risks and charges, except ocean freight, after title has passed. The buyer is responsible for arranging for insurance on the goods from the point of ocean shipment.

26. CARGO

The freight transported in a vehicle. The load for transportation as differentiated from things carried as operating equipment and supplies for the conveyance.

26.1 CARGO (MAINFEST)

A document listing all cargo consignments on board a truck, vessel, or aircraft, and giving the quantity, identifying marks, consignor and consignee of each item.

27. CARTAGE

Drayage; a charge for local hauling.

28. CARTON

This term is usually applied to the interior package commonly used to enclose cereals, dried fruit, sugar, soap etc. A carton is not normally a shipping container and is not intended by itself to meet shipping requirements and regulations.

29. CASH IN ADVANCE

Same as "cash with order".

30. CASH ON DELIVERY

Abbreviation-C.O.D. Payment due and payable upon delivery of goods.

31. CASH WITH ORDER

Payment accompanies order when given to Vendor.

32. CERTIFICATE OF COMPLIANCE

A vendor's certification to the effect that the supplies or services in question meet certain specified requirements.

33. CERTIFICATE OF DAMAGE

A document issued by dock companies in regard to merchandise received or unloaded in a damaged condition.

34. CERTIFICATION OF ORIGIN

A certified document as to the origin of goods.

35. CERTIFICATE OF WEIGHT

An authoritative statement of the weight of a shipment.

36. CERTIFIED BILL OF LADING

An ocean bill of lading certified by a consular officer to meet certain requirements of his country as to goods imported.

37. CHANGE ORDER

The purchaser's document used to amend a purchase transaction previously formalized by a purchase order.

38. COST, INSURANCE AND FREIGHT

Similar to C & F, except that the cost of ocean marine insurance is also for the account of the vendor. "War Risk" insurance is not for the vendor's account unless otherwise agreed upon between the parties.

39. CLEARANCE

A customs house certificate that a ship is free to leave, all legal requirements above and beside tracks and highways, where they pass through tunnels, under the over-bridges and when published are known as "clearance tables".

40. COMPETITIVE BIDDING

The offer of estimates by individuals or firms competing for a contract, privilege or right to supply specified services or merchandise.

41. COMPOSITE SUPPLY

A composite supply is an organic combination of two or more individual supplies of goods and services or any other natural arrangement of goods or services made by a GST payer for a single price.

A composite supply is further broken into two parts:

- Principal Supply: The major and the foremost element in the Composite Supply of goods or services.
- Dependent Supply: This is the depending element and rests on the Principal Supply.

A composite supply could be a breakfast coupled with the stay package in a hotel, which would be seen as a natural blend. In this case, stay package is the Principal Supply and the breakfast is a Composite Supply.

42. COMPROMISE

An agreement between two or more persons, to settle the matters of controversy without resort to litigation.

43. CONCEALED DAMAGE

Damage to the contents of a package which is in good order externally.

44. CONCEALED LOSS

A loss from a package bearing no indication of having been opened.

45. CONDITIONAL SALE

A sale in which title is retained by the vendor as security for the purchase price, although possession is surrendered to the buyer.

46. CONFIRMING ORDER

A purchase order issued to a vendor listing the goods or services and terms of an order placed verbally, or otherwise, in advance of the issuance of the usual purchase document.

47. CONSIDERATION

Something of value given for a promise to make the promise binding of “binder”, “earnest money”.

48. CONSIGNEE

The person or organization to whom a shipper directs the carrier to deliver goods. Such person or organization is generally the buyer of goods and is called a consignee on a Bill of Lading.

49. CONSIGNEE MARKS

A symbol placed on packages for export generally consisting of a square, triangle, diamond, circle, cross etc. with designated letters and/or numbers for the purchase of identification.

50. CONSIGNMENT

Goods shipped for future sale or other purpose, title remaining with the shipper (consignor), for which the receiver (consignee), upon his acceptance, is accountable. Consigned goods are a part of the consignor’s inventory until sold. The consignee may be the eventual purchaser, may act as the agent through whom the sale is affected, or may otherwise dispose of the goods in accordance with his agreement with the consignor.

51. CONSIGNOR

The person or organization who delivers freight to a carrier for shipment is called a consignor or shipper and is the one who directs the bill of lading to be executed by the carrier. Such a person or organization may be the consignor – consignee, if the bill of lading is made to his own order.

52. CONTAINER

An item in which or around which another item or items are kept and maintained as an entity, mainly for shipping or issue purposes. Examples: barrel, bottle, can, drum, reel, spool etc.

53. CONTRACT

A deliberate agreement between two or more competent persons to perform or not to perform a specific act or acts. A contract may be verbal or written. A purchase order, when accepted by a vendor, becomes a contract. Acceptance may be either in writing or by performance, unless a purchase order requires acceptance thereof to be in writing, in which case it must be thus accepted. A unilateral contract is one where only one party promises performance, the performance being exchange for an act by the other. A bilateral contract is one where both parties promise performance, each promise being given in exchange for the other.

54. CONTRACT DATE

The date when a contract is accepted by all parties thereto.

55. CONTRACTOR

55.1 Any of the parties to a contract.

55.2 One who contracts to perform work or furnish materials in accordance with a contract.

56. CUSTOMS (DUTIES)

Customary taxes, tools, or duties levied upon goods which pass a frontier, generally upon goods imported.

57. CUSTOMS TARIFF

A schedule of charges assessed by the Government of imported or exported goods.

58. DAMAGES

Compensation, usually in money, for injury to goods, person, or property.

59. DELIVERY

The transfer of possession; as applied to shipping, it occurs when lading is surrendered and title to goods passes to the received or consignee.

60. DELIVERY SCHEDULE

The required for agreed time or rate of delivery of goods or services purchased for a future period.

61. DEMURRAGE

A charge, allowed in tariffs, or by contract, assessed against a consignor, consignee, or other responsible person for delays to transportation equipment in excess of "free time" for loading, unloading, reconsigning, or stopping in transit.

62. DEPRECIATION

Decline in value of capital asset through wear and tear, age, inadequacy, and obsolescence without loss of substance

63. DESICCANT

A material which will absorb relatively large amounts of water vapour and which is used to protest against deterioration items which are harmed by prolonged exposure to humid conditions, often placing the item and the desiccant in one protective container or wrapper.

64. DISCOUNT

64.1 An allowance or deduction granted by the Vendor to the buyer, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods purchased. However, discounts may be granted by the Vendor without reference to stipulated conditions. An example of such use of discount is the application of discount to a nominal or "list" price to establish the "net" or actual price.

64.2 An arbitrary discount is one agreed upon between vendor and purchaser which have no relation to the vendor's usual basis for discount.

64.3 A broken discount is one applying on a quantity of goods less than the quantity contained in a vendor's regular package.

64.4 A cash discount is an allowance extended to encourage payment of invoices on or before a stated date which is earlier than the NET date. The percent of discount allowed is as agreed between buyer and vendor and is often established by industry or trade custom. Usual discounts are ½, 1, and 2 percent with occasional discount allowances to 10 per cent.

64.5 A quantity discount is an allowance determined by the quantity or value of a purchase.

64.6 A standard package discount is one applying to goods supplied in the vendor's regular package.

64.7 A trade discount is a deduction from an established price for items or services, often varying in percentage with volume of transactions, made by the Vendor to those engaged in certain business and allowed irrespective of the time when payment is made.

65. DISPOSAL

The act of getting rid of excess or surplus property, Disposal may be by, but not limited to, sale, donation, abandonment, destruction, or transfer to others.

66. DISTRIBUTOR

A purchaser who acquires goods for resale to a wholesaler, retailer, or ultimate consumer. A distributor may sell goods from his own inventory, from a consignment inventory in his possession, or may sell for shipment to be made directly from the manufacturer's stocks.

67. DIVERSION

A change made in the designation of consignee, destination, or route of a shipment while in transit, reconsignment.

68. DUE BILL

A bill rendered by carrier for under charges.

69. e. and o.e. (ERRORS AND OMISSIONS EXCEPTED)

An abbreviation sometimes placed on a quotation or invoice by a vendor to reserve the right to correct the amount charges if later found to be incorrect.

70. EARNEST MONEY

"Earnest Money" is a term used to describe money that one contracting party gives to another at the time of entering into the contract in order to "bind the bargain" and which will be forfeited by the donor if he fails to carry out the contract. Generally, in real estate contracts, such money is used as part payment of the purchase price of "binder".

71. EMBARGO

An order issued by a carrier, or their agent, or by a government, prohibiting the acceptance of freight, in any kind or of a specific nature, for shipment; generally applying to certain areas, or to and from particular points, and resulting from congestion, labour troubles, etc., in marine usage, a detention of vessels in port, a prohibition from sailing.

72. ENDORSEMENT

Writing one's name upon paper for the purpose of transferring the title. When a payee of a negotiable instrument writes his name on the back of the instrument, such writing is an endorsement.

73. EN ROUTE

On the way; in transit.

74. ENTRY (CUSTOMS)

A statement of the kinds, quantities, and values of goods imported together with duties due, if any, and declared before a customs officer or other designated officer.

75. ESCALATION

An amount or per cent by which a contract price may be adjusted if specified contingencies occur, such as charges in the vendor's raw material or labour costs.

76. ESCROW

An agreement under which a guarantor, promiser or obliger places a sum of money or the instrument upon which he is bound which a third person, called escrow holder, until the performance of a condition or the happening of an event stated in the agreement permits the escrow holder to make delivery of the money or instrument to the guarantee, promisee, or obligee.

77. EX

A prefix meaning "out of" or "from". Used in conjunction with a noun of location, such as ex-mill, ex- mine, ex-warehouse. "Ex (named point of origin)" means that all charges for transportation and all risks of loss and damage are for the account of the buyer when the goods are delivered to a carrier at the "ex" location. Where local cartage costs are incurred between the "ex" location and a common carrier receiving point, such costs are for the buyer's account. On ocean marine shipments, the term "ex dock (named port of importation)" means all transportation costs, all insurances, risks of loss and damage, export and import duties, taxes, and levies, consular and entry fees are for the account of the Vendor. Title of passes to the buyer either when he takes possession of the goods at point of import or when the free time allowed on the dock at the point of importation expires, whichever occurs first.

78. EXCESS FREIGHT

Freight in excess of amount billed; also called “over” freight.

79. EXCISE DUTY

A tax imposed on the manufacture, sale, or consumption of a product.

80. EX PARTE (Latin)

“From only one side or party”.

81. EXPEDITE

To hasten, or to assure delivery of goods purchased in accordance with a time schedule, usually by contract by the purchaser with the vendor.

82. EXPORT

To send goods to a foreign country.

83. EXPORT DECLARATION

A form required by the U.S. treasury Department and filled out by a shipper showing the value, weight, consignee destination etc. of shipments to be exported.

84. EXPORT LICENCE

A certificate granting the holder permission to export goods.

85. EXPRESS WARRANTY

When a Vendor makes some positive representation concerning the nature, quality, character, use and purpose of goods, which induces the buyer to buy and the Vendor intends the buyer to rely thereon, the Vendor has made an express warranty.

86. FACTOR

A factor is an agent for the sale of merchandise. He may hold possession of the goods in his own or principal’s name. He is authorized to sell and to receive payment for the goods.

87. FIFO

First in, first out, the first put in is taken out first instead of the last in, especially in case lifed items.

88. FIRM OFFER

A definite proposal to sell something on stated terms, such offer binding the proposer up to stipulated time expiration. A “firm bid” is a similar proposal to buy something. Although both are referred to colloquially as “firm offers”, the distinction between bids and offers is usually preserved in cable codes.

89. F.O.B. (FREE ON BOARD)

The term means the vendor is required to place the goods aboard the equipment of the transporting carrier without cost to the buyer. The term “f.o.b.,” must be qualified by a name of location, such as shipping point, destination; name of a city, mill, warehouse, etc. The stated f.o.b. point is usually the location where title to the goods passes from the vendor to the buyer. The vendor is liable for transportation charges and the risks of loss or damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title.

90. FOLLOW-UP

To review a transaction to determine its status. In connection with purchase transactions often synonymous with “expedite”

91. F.O.R. (FREE ON RAILS)

A term meaning that Vendor will make delivery as far as the railroad terminal named, or in case of overseas shipment, in harbour at port of departure, name of port stated. To avoid misunderstanding, equivalent of "f.o.b. vessel ( )", or "f.a.s. vessel ( )", the phrase is amplified further thus, "f.o.r. cartage to vessel extra".

92. FORWARDER (FREIGHT)

A commercial organization engaged in the business of consolidating less-than-carload, less-than- truckload or less-than-planeload shipments and making arrangements for their transportation in carload, truckload, or planeload lots under applicable tariffs.

93. FREE GOODS

Goods not subject to duty.

94. GOOD TITLE

A title free from encumbrances such as mortgages and liens.

95. GROSS NEGLIGENCE

The want of even slight care or "due care".

96. GST

Goods and Services Tax, commonly known as GST, is a single, indirect, multi-stage, destination based consumption tax, which came into force w.e.f. 01-Jul-2017.

For details refer: http://www.cbic.gov.in/htdocs-cbec/gst/newgst

Applicability to Imported Goods/ Services: Following the implementation of GST, the import of commodities shall not be subject to such erstwhile applicable duties like safeguard duty, education cess, basic customs duty, anti-dumping duty, etc. All these supplementary custom duties are subsumed under GST.

96.1 CGST, SGST and IGST

The terms of GST consist of three major taxes – Central GST i.e. CGST, State GST i.e. SGST and Integrated GST i.e. IGST.

The different terms under GST would enable the tax payers to take credit against each other, enhancing ease and transparency in the taxation cycle.

CGST & SGST: Central Goods and Service Tax (CGST) and State Goods and Service Tax (SGST) are to be levied by the Centre, on intra-state businesses i.e. when the location of the vendor and the place of supply i.e. location of Buyer are in the same state.

IGST: Integrated Goods and Service Tax (IGST) is to be levied by the Centre, on inter-state businesses and imports i.e. when the location of the vendor and the place of supply are in different states. Also, in cases of export or import of goods or services or when the supply of goods or services is made to or by a SEZ unit, IGST is applicable.

IGST Act 2017, Section 7 (Inter State Supply) classifies import/export of Goods/Services as Inter State trade or commerce.

97. GSTIN

GSTIN i.e. Goods and Services Tax Identification Number is a business' legal and unique identity with the Government of India in the GST regime. GSTIN is a 15 alphanumeric character, PAN based distinctive number, allotted state-wise to GST glossary.

The first 2 digits of the 15 digit GSTIN represents the state code. The next 10 digits are the PAN Number of the person or the business entity. The thirteenth digit is based on the number of registrations done by the firm within a state under the same PAN. 14th Digit is kept blank (Presently "Z" by default) and 15th Digit is Check sum.

98. GSTR

GSTR, i.e. GST Return is a document capturing the details of the income, which a tax payer is supposed to file with the authorities to calculate his tax liability. A GST primarily includes:

- Sales data
- Purchase data
- Output GST (Derived from Sales)
- Input Tax Credit (GST paid on purchases)

99. HEAVY-LIFT CHARGE

A charge by a transportation service for lifting articles of excessive weight. Heavy-lift charges are usually specified in carrier's tariffs.

100. HEDGE

Any purchase or sale transaction having as its purpose the elimination of profit or loss arising from price fluctuation; specifically, a purchase or sale entered into for the purpose of balancing, a sale or purchase already made, or under contract, in order to offset the effect of price fluctuation.

101. HSN CODE

HSN stands for Harmonised System of Nomenclature. It is mandatory for both B2B and B2C tax invoices on the supplies of Goods. HSN code was introduced in 1988 by the World Customs Organization (WCO) for a systematic classification of both national and international goods. HSN codes are being used in India since 1986 to classify commodities for Customs and Central Excise. HSN codes classify various products and being applied for Customs and GST purpose. HSN codes remove the need to upload details about the goods which makes filing of GST returns easier.

102. IMPORT

To receive goods from a foreign country.

103. IMPORTER

A buyer or merchant who imports goods.

104. IN BOND

The storage or transport of goods in the custody of a Warehouse or carrier from whom the goods can be taken only upon payment of taxes or duties to a governmental agency.

105. INPUT TAX CREDIT

Input tax credit [ITC] is the credit manufacturers receive for paying input taxes towards inputs used in the manufacture of products. Likewise, a dealer is entitled to input tax credit, if he has purchased goods for resale.

To avoid double taxation on items used as inputs to make other items, credit of taxes paid on the inputs can be taken by the maker of the next item while paying tax on the output. If the tax paid on inputs is higher than the tax on the output, the excess can be claimed as a refund.

Input Tax Credit is not generic for PAN India, differs state-wise and does not apply to the composite tax payers.

106. INSTALMENT PAYMENT

A schedule of payment arranged in connection with a purchase transaction requiring periodic payment of a specific sum for each of a stated number of payments. The first payment is usually at the time of delivery of the purchase or soon thereafter. Installment payment terms may be either on an open account basis or on a secured account basis. Secured installment accounts are usually evidenced by a mortgage or a series of promissory notes or time drafts.

107. INSURANCE

By an insurance contract, one party, for an agreed premium, binds himself to another, called the insured, to pay to the insured a sum of money conditioned upon the loss or damage to the property of the insured.

108. IN-TRANSIT PRIVILEGES

Changes in degree of manufacture, treatment, and other accessorial services provided for in tariffs on commodities between points of origin and destination.

109. INVENTORY

109.1 The amount of property on hand at any given time.

109.2 An itemized listing of amounts of property indicated as on hand at a particular time. A “physical inventory” is one determined from records maintained in connection with day-to-day business activities.

110. INVITATION FOR BIDS

A request, verbal or written, which is made to prospective vendors for their quotation on goods or services desired by the prospective purchaser.

111. INVOICE

A document showing the character, quantity price, terms, nature of delivery, and other particulars of goods sold or of services rendered; a bill.

112. JUNCTION POINT

A point at which two or more carriers interchange freight. This term is also applied to a point where a branch-line railroad track connects with the main-line track.

113. k.d. (KNOCKED DOWN)

An abbreviation meaning that the article described is supplied unassembled when an article is shipped “k.d.” it must be reduced in size by one-third or as specified in the carrier’s tariff, to secure the applicable freight rate.

114. LADING

That which constitutes a load, as the freight in a vessel or car.

115. LANDED PRICE

A price which includes the cost of the goods, transportation, and other costs incident to ultimate delivery to the location specified by the purchaser.

116. LANDING CERTIFICATE

A document requiring the oath of the foreign consignee, taken before an American consul or merchant or “two respectable foreign merchants” that goods described have actually been delivered to him.

117. LEAD TIME

The period of time from date of ordering to the date of delivery which the buyer must reasonably allow the vendor to prepare goods for shipment.

118. LEGAL TENDER

Currency or coin which a Government has declared shall be received in payment of duties or debts.

119. LEGAL WEIGHT

A foreign term denoting the weight of a shipment not including the container.

120. LETTER OF CREDIT

A letter containing a request that the party to whom it is addressed pay the bearer or person named therein money, sell him commodities on credit, or give him something of value, with the intention that the addressee

later seeks payment from the writer of the letter. It is used by a buyer to secure goods without the necessity of having cash in hand.

121. LETTER OF INTENT

A preliminary contractual arrangement must merely be used in situations where the items, qualities, price and delivery dates are known, but where the principal contract provisions require additional time-consuming negotiations. It is used to enter into interim arrangement, pending a definite contract, so as to permit the start of construction, production, or delivery of the supplies or materials.

122. LICENCE

A certificate granting permission to do a specific act or acts. An expert licence is granted by a government to ship goods out of the country; an import licence is granted to permit goods to be` received into the country.

123. LIQUIDATED DAMAGES

A sum agreed upon between the parties to a contract, to be paid as ascertained damage by that party who breaches the contract.

124. l.s.

The letters are an abbreviation for the Latin phraselocus sigilli, meaning “place of the seal” of “seal”

125. LUMPSUM

The price agreed upon between vendor and purchaser for a group of items without breakdown of individual values; a lot price.

126. MACHINE TOOLS

An important class of production tools basis to many manufacturing industries; non-portable, power- driven, precision metal working machines which remove metal in the form of chips by cutting or grinding, such as lathes, drill presses, boring mills, planners, milling, shapers, and grinders.

127. MANIFEST

See “Cargo (Manifest)”.

128. MANUFACTURER

One who (1) controls the design and production of an item, or (2) produces an item from crude or fabricated materials, or (3) assembles materials or components, with or without modification, into more complex items.

129. MARKETABLE TITLE

A title of such character that no apprehension as to its validity would occur to the mind of a reasonable and intelligent person.

130. MOCK UP

A model, usually full size and constructed of inexpensive material, made for the purpose of studying the construction and use of an article or mechanical device.

131. MUTUAL ASSENT

In every contract each party must agree to the same thing. Each must know what the other intends; they must mutually assent to be in agreement.

132. NEGLIGENCE

The failure to do that which an ordinary, reasonable, prudent man would do, or the doing of some act which an ordinary, prudent man would not do. Reference must always be made to the situation, the circumstances, and the knowledge of the parties.

133. OPEN INSURANCE POLICY

A form of insurance covering shipment of a specified time or a stated value and not limited to a single shipment.

134. OPEN-TO-BUY

A term used in retailing to designate the value of quantity of goods beyond which a buyer may not purchase; the value or quantity remaining to be purchased against a specific appropriation or requisition.

135. ORIGINAL EQUIPMENT MANUFACTURER

A classification assigned by a Vendor to a purchaser who acquires goods for incorporation into a product which the manufacturer for sale, usually without changing the item which he acquires.

136. OVER, SHORT AND DAMAGE REPORT

A report submitted by a freight agent showing discrepancies in billing received and freight on hand. For example, if he has freight not covered by billing, he is “over” if less freight than the amount billed, he is “short”, and if freight is received in bad condition, he reports “damage”, abbreviation: O.S & D. report.

137. PACKAGING

The use of wrappings, cushioning materials, containers, markings, and related techniques to protect items from deterioration, to prevent loss or damage, to facilitate handling, and to identify the item packed. Packaging does not include that additional processing which may be required to prepare the packaged item for shipment.

138. PACKING

The preparation of an item for shipment or storage; includes required bracing, cushioning, wrapping, strapping, placement in shipping container, and marking.

139. PACKING LIST

A document which itemizes in detail the contents of a particular package or shipment.

140. PALLET

A portable platform upon which goods are placed in unit loads to facilitate stacking and handling by mechanical equipment such as fork-lift trucks of “skid”.

141. PALLETIZING

The loading of supplies and equipment on a pallet

142. PATENT

A grant made by the Registrar of Patents of the States under the authority of Government legislation to an inventor, which gives the patenter the exclusive right to make, use and sell the patented article.

143. POLICY OF INSURANCE

In insurance law, the word “policy” means the format document delivered by the insurance company to the insured, which evidences the right and duties between the parties.

144. PORT MARK

In marine shipping, a mark affixed to packages indicting the final destination not the port of entry except when such port is the final destination.

145. PORT OF ENTRY

A port at which foreign goods and persons are admitted legally into the receiving country. Ports of entry are officially designated by the Government.

146. PREPAID

A term denoting that transportation charges have been or are to be paid at the point of shipment.

147. PRICE PREVAILING AT DATE OF SHIPMENT

An agreement between the purchaser and the vendor that the price of the goods ordered is subject to change at the vendor's discretion between the date the order is placed and the date the vendor makes shipment and that the then established price is the contract price.

148. PRICE PROTECTION

An agreement by a vendor with a purchaser to grant the purchaser and reduction in price which the vendor may establish on his goods prior to shipment of the purchaser's order. Price protection is sometimes extended for an additional period beyond the date of shipment.

149. PRICE SCHEDULE PROFORMA INVOICE

An invoice prepared by a vendor in advance of a sale to show the form and amount of the invoice which will be rendered to the purchaser if the sale is consummated. Proforma invoices are often use in export transactions to support the purchaser's request to Governmental authorities for import permits and foreign exchange.

150. PROGRESS PAYMENTS

Payments arranged in connection with purchase transactions requiring periodic payments in advance of delivery for certain stated amounts or for certain percentages of the purchase price. The whole of the purchase price may be due in advance of delivery or partially in advance and partially after delivery. Progress payments are usually required in contracts for building construction and often for specially designed plant machinery and equipment. Purchases calling for progress payments may be either on open account or be secured usually by a contract between the buyer and vendor.

151. PROPRIETARY ARTICLE

An item made and marketed by a person or persons having the exclusive right to manufacture and sell it.

152. PURCHASE

To procure property or services for a price; includes obtaining by barter.

153. PURCHASE ORDER

The purchaser's document used to formalize a purchase transaction with a vendor. A purchase order, when given to a vendor, should contain statements as the quantity, description, and price of the goods or services ordered; agreed terms as to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor.

154. PURCHASE REQUISITION

A form used to request the purchasing department to procure goods for services from vendors of "traveling purchase requisition".

155. QUOTATION

A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser; a bid. When given in response to an inquiry is usually considered an offer to sell. Also the stating of the current price of a commodity; the price so stated.

156. RATE

As applied to transportation or the movement and handling of goods and persons, the cost of, or charge for, service to be or which has been rendered.

157. REBATE

A sum of money returned by the vendor to a purchaser in consideration of the purchase of a stipulated quantity or value of goods, usually within a stated period.

158. REBILLING

Issuing a new waybill at junction point to which shipment has been billed by connecting line.

159. RECEIVING REPORT

A form used during the receiving function of company to inform others of the receipt of goods purchased. Usually the goods on acceptance will be sent to respective stores along with the Receiving Report.

160. RETAILER

A purchaser who acquires goods for resale to an ultimate consumer.

161. RETENTION

The practice of withholding a portion of the sum due a vendor until the purchase has been finally accepted as fully meeting specifications. The amount or percentage withheld is agreed between the parties at the time of purchase as is the period of retention. Retention is commonly agreed upon in the purchase of building construction, and occasionally in purchase of equipment which has to be “proved out” after delivery.

162. REVERSE CHARGE

As per Central Goods & Service Tax Act, if a vendor is not registered under GST supplies goods to a person registered under GST, then reverse charge would apply. This means that the GST will have to be paid directly by the receiver instead of the vendor.

163. ROYALTY

Compensation for the use of land, equipment, or process payable to the owner, vendor or lessor. Royalty payments are usually calculated as a percent of income derived by the user from the property or process, as a stated sum per unit produced there from, or a stated sum per period, such as a month of a year.

164. SAC CODE

SAC stands for Servicing Accounting Code and is used to classify Services. All services tend to begin with the number 99, which identifies the code as an SAC and not an HSN.

165. SALES TAX

A tax imposed specifically on a sale made by a vendor.

166. SALVAGE

i) Property that has some value in addition to its value as scrap, but which is no longer useful as a unit in its present condition and whose restoration to usefulness as a unit is economically not practicable.

ii) The act of saving or recovering condemned, discarded, or abandoned property in order to obtain useful parts and scrap there from.

167. SAME AS

A term meaning that the classified ratings for such articles are identical.

168. SAMPLE

A small portion of merchandise taken as a specimen of quality.

169. SCRAP

Material that has no value except for its basic material content.

170. SEAL

A seal is to show that an instrument was executed in a formal manner. At early common law sealing legal documents was of great legal significance. A promise under seal was binding virtue of the seal. Today under most statutes any stamp, wafer, mark, scroll, or impression made, adopted and affixed is adequate. The printed word “seal” or l.s. is sufficient.

171. SELLER’S MARKET

A seller’s market is considered to exist when goods cannot easily be secured and when the economic forces of business tend to cause goods to be priced at the vendor’s estimate of value.

172. SELLER’S OPTION

The right of seller to require the buyer to purchase merchandise, or other property at an agreed price and within a period of time.

173. SHIPPING RELEASE

A form used by the purchaser to specify shipping instructions of goods purchased for delivery at an unstated future date or to an undisclosed destination. Also used to specify quantities to be shipped when the purchase was for an unspecified quantity or when delivery is to be made in partial lots at the purchaser’s discretion.

174. SHORT SALE

The sale of a commodity for future delivery which the Vendor does not possess but intends to purchase prior to the required delivery date, expecting that the market price will be no higher or will decline during the intervening period.

175. SIGHT ENTRY

A procedure that must be put through to release goods from customs, occasioned by the use of incorrect invoice form.

176. SPECIFICATIONS

A clear, complete, and accurate statement of the technical requirements descriptive of a material, an item, or a service, and of the procedure to be followed to determine if the requirements are met.

177. STATEMENT OF ACCOUNT

A detailed listing, usually prepared by the vendor, of transactions between vendor and purchaser for a stated period of time, usually a month, concluding with the open or unpaid balance.

178. STOCK

A supply of goods maintained on hand at the storage points in a supply system to meet demands that it l s anticipated will be made.

179. STORAGE

179.1 The act of storing; or state of being stored, in a designated storage place for safekeeping.

179.2 Space, or place for the safekeeping of goods.

180. STORE-DOOR DELIVERY

The movement of goods to the consignee’s place of business.

181. STRAPPING

A technique of reinforcing containers by which metal straps, bands, or wires are placed around them at intervals, drawn taut, and fastened in place.

182. S.U. SET UP

An abbreviation meaning that the article described is supplied fully assembled.

183. TALLY

To count; the process of counting the pieces of an incoming or outgoing consignment and recording the particular date obtained by visual inspection, such as number of pieces determined by counting.

184. TARIFF (FREIGHT)

A schedule containing matter relative to transportation movements, rates, rules and regulations. An alternative tariff is one containing two or more rates from and to the same points, on the same goods, with authority to use the one which produced the lowest charge. A commodity tariff is one containing only commodity rates. A class tariff is one containing rates applicable to classifications of goods as established by the carriers.

185. TERMS OF PAYMENT

All purchase transactions require a payment for the goods or services received and, excepting an unusual exchange or barter deal, payment is made in negotiable funds in accordance with the terms agreed between buyer and vendor. There are three basic payment terms; cash, open account and secured account.

186. TRADE TERMS

The broad classification applicable to purchase transactions with the reference to understandings between buyer and seller either as to the meanings of certain abbreviations, words, or purchases, or to customs applicable to transactions as established by general usage. “Trade terms” include agreed or arbitrary classifications of buyers and vendors, or their agents; types and method of discounts, delivery terms, allowances; practices peculiar to an industry, etc.

187. TRADE MARK

No complete definition can be given for a trade mark. Generally it is any sign, symbol, mark, work or arrangement of words in the form of a label adopted and used by a manufacturer or distributor to designate his particular goods, and which no other person has the legal right to use. Originally, the design or trade mark indicated origin, but today it is used more as an advertising mechanism.

188. TReDS

The scheme for setting up and operating the institutional mechanism for facilitating the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs), through multiple financiers is known as Trade Receivables Discounting System (TReDS).

189. TRUST RECEIPT

A document given by banks to exporters and importers in exchange for bill of lading.

190. ULTIMATE CONSUMER

A purchaser who acquires and consumes the goods in their entirety and who converts then into another product, or one who secures the goods with no intention of resale.

191. VENDOR

One who sells something; a “seller”.

192. VISUAL INSPECTION

A term generally used to indicate inspection performed without the aid of test instruments.

193. VOUCHER

A written instrument that bears witness or "vouches" for something. Generally a voucher is an instrument showing services have been performed, or goods purchased, and authorizes payment to be made to the vendor.

194. WAREHOUSE (BONDED)

A warehouse in which goods are held under bond to the Government subject in payment of customs duties or taxes on the goods.

195. WAREHOUSE (PUBLIC)

A place of storage for use of the general public, usually embracing merchandise and/or household goods, or sometimes limited to certain commodities. In addition to the service of storage many public warehouses are performing the functions of distributing agent and forwarder.

196. WAREHOUSE RECEIPT

An instrument showing that the signer has in his possession certain described goods for storage, and which obligates the signer, the warehouseman, to deliver the goods to a specified person or to his order or bearer upon the return of the instrument.

197. WARRANTY

An undertaking, either expressed or implied that a certain fact regarding the subject-matter of a contract is presently true or will be true. The word should be distinguished from "guarantee" which means a contract or promise by one person to answer for the performance of another.

198. WAYBILL

A document prepared by a transportation line at the point of origin of a shipment showing the point of origin, destination, route, consigner, consignee, description of shipment and amount charged for the transportation service, and forwarded to the carrier's agent at transfer point or destination. An astray way bill is used for freight miscarried or separated from its proper waybill. A blanket waybill is one covering two or more consignments of freight. An interline waybill is one covering the movement of freight over two or more transportation lines.

198.1 e-WAYBILL

e-Way Bill (an Electronic Way bill) should be generated on the e-Way Bill Portal for movement of goods. A GST registered person cannot transport goods in a vehicle whose value exceeds Rs. 50,000 (Single Invoice/ Bill/ Delivery Challan) without an e-Way Bill that is generated on ewaybillgst.gov.in. (Threshold value may vary as notified by Government from time to time). Alternatively, e-Way Bill can also be generated or cancelled through SMS, Android App, etc.

When an e-Way Bill is generated, a unique e-Way Bill Number (EBN) is allocated and is available to the vendor, recipient and the transporter for future reference.

199. WHARFAGE

A charge against a vessel for lying at a wharf. It is often used synonymously with "dockage" and "moorage".

200. WHOLESALER

A purchaser who acquires goods for resale to a retailer or a jobber.

201. WITHOUT ENGAGEMENT

A phrase incorporated in a quotation and used to avoid having to accept an order at the price quoted. A safeguard against prices fluctuating in the interval between the giving of the quotation and the order being placed.

202. WOMEN ENTREPRENEURS

A Small Scale Industrial Unit/Industry related service or business enterprise, managed by one or more women entrepreneurs in proprietary concerns, or in which she/they individually or jointly have a share capital of not less than 51% as Partners/Shareholders/Directors of Private Limited Company/Members of Cooperative Society.

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