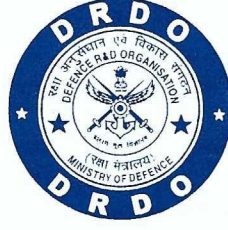


दूरभाष/Tele : 011-23007114
फैक्स/Fax : 011-23014830
011-23014835



भारत सरकार, रक्षा मंत्रालय
Government of India, Ministry of Defence
रक्षा अनुसंधान एवं विकास संगठन
Defence Research & Development Organisation
वित्त एवं सामग्री प्रबंधन निदेशालय
Directorate of Finance & Materials Management
'ए' ब्लॉक, प्रथम तल, डी.आर.डी.ओ. भवन,
'A' Block, 1st Floor, DRDO Bhawan,
नई दिल्ली/New Delhi-110 011

No. DRDO/DFMM/PL/GP/0000118/KCom/PM-Amend/464/D(R&D)

14th March 2019

To,

All addresses as per the distribution list in Government letter (enclosed)

Sub : **Procurement Manual - 2016 (As amended) – Amendment-3.**

The Amendment-3 to the Procurement Manual-2016 sanctioned vide GOI letter no. DRDO/DFMM/PL/GP/0000118/KCom/PM-Amend/464/D(R&D) dated 14th March 2019 is forwarded herewith for your information and necessary action please.

(Dr. AK Bhateja)
OS & Director, DF&MM

Encls : As above

To

The Chairman

Defence Research & Development Organization

Ministry of Defence, New Delhi – 110011

Sub : Procurement Manual 2016 (As amended) – Amendment 3

Ref: (i) Procurement Manual – 2016 (PM-2016) of DRDO issued vide Govt. of India, Ministry of Defence letter no. DMM/II/PP/0000216/M/2121/D(R&D) dtd 4th Nov 2016

(ii) Amendment 1 to PM-2016 issued vide GOI Letter no. DMM/II/GP/0000116/M/PM-Clarification/1378/D(R&D) dated 17 July 2017

(iii) Amendment 2 to PM-2016 issued vide GOI Letter no. DRDO/DFMM/PL/M/01/1176/D(R&D) dated 28 June 2018

Sir,

I am directed to convey the sanction of the President of India for issue of the following amendments in PM -2016 (as amended):-

- 1) As per the existing provisions of PM 2016 (as amended) (Para 6.43.2 (f) and 1.10), any variance from standard terms & conditions of the RFP become deviations from procedure and requires approval of Secretary Defence (R&D) with the concurrence of FA (DS).

The following amendment is made in the existing provisions:

For the following categories of procurement cases:

- a) Procurement of stores/ services on PAC/ Single Tender basis with approval of CFA concerned
- b) Orders for procurement of spares/ repair of stores from OEMs
- c) Procurement of small value procurement (upto Rs.2.5 Lakh)

CFAs are empowered with concurrence of Financial Adviser concerned to approve variations from standard RFP terms in respect of the items given below and such variations will not be considered as deviation from procedure:

- i) Submission of Performance cum Warranty Bond;
- ii) Liquidated Damages (LD) Clause;
- iii) Submission of Bank Guarantee, for Free Issue of Materials (FIM) to vendors by DRDO, to be used in the execution of the contract;
- iv) Payment terms;
- v) Submission of Earnest Money Deposit/ Bid Security.

Note: In case of Single Tender Enquiry/PAC/Small Value Cases, the change/waiver proposed to be accepted should not materially alter the character of the procurement. Before accepting the change, the CNC will examine and certify that the proposed change/waiver would not have in all likelihood increased the vendor base had the RFP been retracted and reissued after incorporating the change.

- 2) As per existing provisions of Para 6.33.1 of PM-2016 (as amended), Director/ Program Director are the constituting authority of Techno-Commercial Evaluation Committee (TCEC) and as per provisions of Para 6.37 of PM-2016 (as amended) Director/ Program Director are the accepting authority of TCEC report.

The following amendment is made in the existing provisions:

Director/ Program Director/ Project Director are empowered to authorize/nominate officers not below level of Sc 'F' to accept TCEC report for cases for which they are CFAs.

- 3) Para 11.14.1 of PM-2016 (as amended) provides for authorization to Lab Director only to issue tax exemption certificate.

The following amendment is made in the existing provision:

DRDO HQr may authorize one/more officer(s) not below the rank of Deputy Secretary, as nominated by Lab/Estt, to issue the Tax Exemption certificate under Custom Notification no. 51/96-CUS as amended.

- 4) In line with the powers delegated to DG (Clusters) for Post Contract Management in respect of contracts, for which CFA is MoD, (Amendment-2 of PM-2016), further delegation for Post Contract Management is made as follows:

- a) DG (clusters) can exercise the same set of powers for the items at (a) to (j) as given in table below, in respect of contracts for which they are CFAs.
- b) CFAs subordinate to DGs can exercise the same set of powers for the items at (a) to (g) and (i) & (j) as given in table below in respect of cases for which they are CFAs, with the concurrence of respective financial advisers. For item (h), the powers will be exercised upto the limits prescribed in para 2.1 and 2.2 of Appendix 'A' of DRDO delegations.

(a)	Extension of Delivery period with imposition of LD and Extension of Letter of Credit (LC)
(b)	Amendment to Financial implications of contracts on account of change in statutory levies.
(c)	Payment of additional bank charges/LC Charges/Transportation charges, additional cost in opening of LC, etc
(d)	Amendments to item description/drawing number/Part number/ denomination/substitute item acceptance certificate in PAC cases.
(e)	Approval of part-shipment/trans-shipment/lot size without affecting DP and terms of payment.
(f)	Amendment to Delivery terms/consignee for specific operational reasons
(g)	To invoke Guarantee/Warranty clauses including free of cost repairs/replacement
(h)	Approval to conclude all AMC/CMC. Contracts with value uptoRs. 25

ii)	DG (R&M)	Member
iii)	Addl. FA (R&D) & JS	Finance Member
iv)	Director (Lab/Estt.)	Member
v)	Director(Admin) of Cluster	Member
vi)	Chairman TCEC (Two Bid System)	Member
vii)	Head MMG (Lab /Estt.)	Member Secretary

Provision for special procurement committee for complex large value procurement as in para 6.38.3 of PM-2016 (as amended) will remain applicable.

- 9) As per existing provision of Para 6.38.2 of PM-2016 (as amended), JS & Additional FA (R&D) is the finance rep in CNCs which are chaired by DG (Cluster) concerned for such cases.

The following amendment is made in the existing provision:

In standing constitution of CNC for cases where CFA is Secy. Defence (R&D) and Apex Boards (for Appendix 'B' cases) and Addl. FA (R&D) & JS is Finance Rep, Addl. FA (R&D) & JS is empowered to nominate IFAs (all SAG level officers) to DG(Clusters) as Finance rep in the CNC.

- 10) As per the existing provision of Para 10.11.3 of PM-2016 (as amended), CFA to be decided on cumulative basis or Secretary D (R&D) whichever authority is higher.

The following amendment is made in the existing provision:

For those cases, concerning more than one cluster, where the cumulative value falls within the financial power delegated to DGs, DG (R&M) is empowered to accord approval for Repeat orders.

- 11) Provision of Para 6.32 of PM-2016 i.e. In case cash flow involves more than one currency, these should be brought to a common denomination in Rupees by adopting exchange rate (RBI reference rate) as on the date of opening of price bids.

The following amendment is made in the existing provision:

In case cash flow involves more than one currency, these should be brought to a common denomination in Rupees by adopting exchange rate (SBI reference rate) as on the date of opening of price bids.

- 12) These amendments/delegation in powers will be applicable to all ongoing cases of procurements. Rest of the procedures of PM-2016 (as amended) and approval hierarchy will remain unaffected.

- 13) This issue with the concurrence of Ministry of Defence (Finance) vide their vide their Dy. No. 249/Addl.FA (R&D) & JS dtd. 25 Jan 2019.

Harsha
14/3/19
(Harsha Rani)

Under secretary to Govt. of India

Copies to:

CGDA, New Delhi

Addl. FA (R&D) & JS

DGs (R&D)

IFA (R&D) at New Delhi, Bangalore, Hyderabad, Pune & Dehradun

IFA (ENC), Vishakhapatnam

Chief Executive (CW&E)

PCDA (R&D), New Delhi

CDA (R&D), Bangalore

CDA (R&D), Hyderabad

Director of Audit, Defence Services

Director [Finance (R&D)]

US (R&D)

HQ, ATVP