Air Headquarters
New Delhi

MANUAL OF OPERATIONS FOR IFAs IN AIR FORCE

VOL-I

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एयर चीफ मार्शल स कृष्णस्वामी
प वि से मे अ वि से मे वा मे एवं बार ए डी सी

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FOREWORD

1. Even though Integrated Financial Adviser (IFA) system at Air HQ and subordinate formation level has come into operation for almost a decade now, a need was felt to streamline the available guidelines and consolidate the same in the form of a Booklet for use by the officers and staff at the HQ and field units. In this Booklet, an effort has been made to consolidate all such material so that this could be of use not only to IFA Cell and to other Dtes in the Air HQ but also to other Command HQs and field units, in order to ensure faster processing of cases and full utilisation of the delegated powers.

2. This Booklet has been compiled with reference to the existing orders. However, constant effort would be required to review it periodically to ensure that the process meets the demand for propriety and speed of decision making.

AIR CHIEF MARSHAL
CHIEF OF THE AIR STAFF

25 Nov 2003

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STANDARD OPERATING PROCEDURES
FOR
ENHANCED DELEGATED FINANCIAL POWERS

Powers to incur expenditure on objects enumerated in Rule 58(c) (ii) (iii) (iv) and (v)

Competent Financial authorities, IFAs and powers are as follows:

(A) Monthly contingent Expenditure enumerated in Rule 58(c) (i)(ii)(iv)	Without IFA concurrence	With IFA/CDA concurrence
(A) (i) VCAS/DCAS/AOM/AOP/AOA/IG	100000	Full powers
(A) (ii) AOsC in-Command	100000	Full powers
(A) (iii) AOC IAF Self Accounting Establishment	60000	200000
(A) (iv) OC IAF Self accounting establishment	20000	150000
(B) Sanction for Temporary establishment (Industrial& Non Industrial) enumerated in Rule 58 (c) (v)		
(B) (i) AOA	100000	1000000
(B) (ii) AOsC-in-C Command	100000	1000000
(B) (iii) AOC Self Accounting Establishment	20000	250000
(B) (iv) OC IAF Self Accounting Establishment	10000	150000

Conditions:

(i) The financial limits imposed on the powers represents the total amount that may be authorized by the Competent Financial Authority on each item of contingent Expenditure as defined in note 3 of General Notes at one time. Articles of different makes and patterns serving the same purpose should be treated as similar articles. Articles of different sizes or specifications will be treated as different articles provided they do not serve the same purpose.

(ii) The Financial limits are in respect of each sanction

(iii) All such condition for temporary establishments should be deemed to expire on the close of the Financial Year. These powers cannot be exercised by an authority to sanction a temporary increase to the clerical establishment of his own office or that of any member of his staff.

2. Area/Ranges and occasions when the power can be used.

(i) Monthly contingent expenditure enumerated in rule 58 c(i), monthly contingent expenditure (refers appendix ii Part iii Air Force general notes to FR Part ii Vol.II). **This also includes conservancy contracts. In case of Annual Conservancy Contracts total annual value of the conservancy contract will be taken into account for determining the CFA.**

(ii) Rewards for information leading to the location of incendiaries.

under the Locally Controlled Heads. Are allotted to Commands and lower formations by these officers.

2. Soon after the Demands for Grants are presented in the Parliament. The authorities at Air Headquarters and other central controlling authorities will notify to lower formations, the allotment under the various locally controlled heads. These allotments will be treated as Provisional and no expenditure against them can be incurred until the Demands for Grants are voted by the Parliament. Pending the detailed examination of the Demands for Grants intimation regarding the Vote on the Account and the President's assent to the appropriation Bill will be sent to lower formation by the Central Controlling authorities. The provisional allotment will be confirmed soon after the Demands for Grants are finally voted by the Parliament and the connected Appropriation Bill is assented to by the President.

3. The authorities responsible for distributing funds to lower formations will in the first instance keep back a certain amount as a reserve to meet any unforeseen calls from the lower formations. But the actual amount so withheld initially in each particular case will be settled by the Air Headquarters controlling officer in consultation with the Ministry of Finance (Defence).

4. Where additional allotment is asked for the authorities competent to sanction this additional allotment will do so either from the reserve held by them or from the surrenders reported to them. In cases where the reserve is not sufficient for the purpose and no surrenders have been reported to them by the lower authorities, the additional allotment may be sanctioned with the concurrence of CsDA concerned in anticipation of provision of funds. All such sanctions should be reported to the next higher authorities when additional allotments are required to be sanctioned by the Air Headquarters such sanctions should be issued with the concurrence of MOD (Fin).

5. All communication of initial allotments will issue with the concurrence of the Ministry of Defence (Finance). Sub allotments by Command Headquarters will also be notified to these Officers along with copies to respective CDA (AF)'s/JCDA (AF)/IFAs.

6. In order to help the controlling authorities to exercise proper control over expenditure against allotments the CsDA will render to the allottees monthly statements showing the serial numbers of the claims admitted in the audit and the amounts debited against the allotment by the 25th of the month following that to which they relates. Bills etc sent to the CsDA for payments or adjustment against a particular allotment should be therefore serially numbered for easy reference.

7. Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant. Can be sanctioned under formal orders of the competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilized in full, or that savings can be affected in the appropriation for that unit.

8. Powers of re-appropriation are exercised only by the Govt of India and by Officers of Central Controlling Authorities. Command Headquarters and independent Stations.

9. In cases where excess over modified allotments under locally controlled heads are niticed after the close of the year they should be brought to the notice of the local authorities by

the CsDA concerned. Local authorities will report all such excesses with full explanations for the excesses to the controlling authorities through the CsDA concerned.

10. If the amount provided for in the sanctioned budget in the financial year is found to be insufficient for the purpose or when a need has arisen during that year for supplementary or additional expenditure on some new service not contemplated in the original budget for that year and which cannot be met by reappropriation of savings a demand for supplementary grants has to be presented to the Parliament for specific sanction.

Standard Budget documents/Registers to be maintained, Paying Authority and Mode of Payment.

1. Monthly contingent expenditure for the maintenance of offices is authorized by Financial Regulations Part I(Army & Air Force) Rule 58 c as amended by current Air Force Instructions. The financial limits imposed on the powers represent the total amount that may be authorized in any one calendar month by the competent financial authority on contingent expenditure.

2. The exercise of the financial powers under Rule 58c is subject to always to the condition that the necessary funds are available and are at the disposal of the competent financial authority. Air Headquarters will allot funds annually o lower formations and these allotments must not be exceeded. If during the course of the financial year, it becomes apparent that an allotment is likely to be inadequate, a report should be sent to Air Headquarters to enable them to consider the grant of a further allotment. Similarly, if it becomes apparent that an allotment is unlikely to be fully utilized, a report should be sent to Air Headquarters to enable them to effect a suitable reduction and reallocate available funds between units.

3. A contingent register will be maintained by the Accountant Officer in each self accounting unit. It will show the allotment for the financial year and the expenditure incurred against it. It will be closed monthly and submitted to the competent financial authority for sanction. This sanction will be endorsed at the end of each month's account in token of the fact that he is satisfied that the charges incurred are of obvious necessity and of reasonable proportion and that the rates paid were fair and reasonable. It will be the duty of the Accountant Officer to ensure that the allotment is not exhausted at too rapid a rate and that no excess over the allotment occurs.

4. Separate register will also be maintained by the Accountant Officer in respect of all allotments and sanctions under Rule 58c FR Par I on the objects mentioned in App II Part III Air Force General Notes to Vol.I FR. But in these cases the sanction of the competent financial authority must be accorded before any entry of expenditure is recorded in the register and the Accountant Officer must be consulted before such sanction is accorded in order to ensure that the necessary funds are available. The Command Accountant Officer will maintain register in respect of sanctions under Rule 58c FR Part I.

   (i) Contingent bill duly supported by pre-receipted bill from the individual to be preferred by the Station Adjutant to the Senior Accountant Officer after registering the same under OCG Code Head for payment action.

(ii) In case of third party payments, **contractor's bill** (IAFA-68 revised) is to be invariably submitted for payment.

5. Points to be observed while calculating gross and net requirement

(i) Last three years expenditure to be calculated

(ii) Present and forthcoming requirements also to be added to prepare gross requirements

(iii) Average consumption data to be calculated for preparation of net requirement.

6. Point No. 6 to 24 not applicable.

MONTHLY CONTINGENT EXPENDITURE ENUMERATED IN RULE 58C(i), MONTHLY CONTINGENT EXPENDITURE (REFERS APPENDIX II PART III AIR FORCE GENERAL NOTES TO FR PART I VOL.II).

SOPs for exercising delegated financial powers at Unit, Command and Air Headquarters of CFAs at Unit, Command and Air Headquarters.

Competitive tenders are to be invited from **all registered vendors including Kendriya Bhandar, NCCF** etc for all purchases of OCG items, except **cash and carry purchase under** Schedule XVI.

In cases of all such delegated financial powers, with **IFA/CDA concurrence**, concurrence of IFAs is to be invariably obtained in all stages of procurement activity for goods/services, viz

(i) **Acceptance of necessity** prior to approval by CFA;

(ii) **Mode of tendering** such as OTE, STE, LTE and PAC

(iii) **Approval of sources** in case of STE and LTE

(iv) **Vetting of draft tender enquiries by IFA before issue.** All standard terms and conditions of contract are to be incorporated in T.E.

(v) **Participation in tender opening and vetting of CST**. CST will be prepared and signed by executive authorities. The CST will be vetted thereafter by IFA and ranking will be determined. A vetted CST will be put upto TPC/CFA

(vi) **Participation in TPC/PNC**. TPC associating IFA will be conducted in case of all purchases **exceeding Rs.1 lakh, with or without concurrence.** Participation in TPC is different from financial concurrence. In case of financial powers without concurrence, no concurrence of IFA will be obtained after TPC.

(vii) **Vetting of draft S.O and recording UO No.** and date of IFA on S.O. IFA will ensure that all standard terms and conditions of contract are to be incorporated in supply order such as delivery period, payment terms, arbitration, security deposit, inspection, LD clause, option clause etc.

(viii)**Concurrence in post-contractual matters** such as waiver of S.D, amendments including DP, Option Clause, risk and cost purchase and refund of S.D.

In respect of financial powers without concurrence of IFA/CDA, all tendering/contracting procedures as laid down in FR. GFR, DFPR. MOD and CVC guidelines will be strictly adhered, though concurrence of IFA will not be obtained. These sanctions are subject to post-audit by CDA (AF)/JCDA (AF).

The normal procurement procedures **such as** competitive tendering, TPC/PNC, where applicable contracting etc as elucidated above apply mutatis mutandis to conclusion of annual conservancy contract. **CFAs and IFAs in respect of** annual conservancy contracts **will be determined with reference to** total value of annual conservancy contracts.

CONSTITUTION OF TPC FOR OCG ITEMS: The composition of TPC for OCG items will be the same as for ATG / MTG and local purchases under Sch-VIII.

a. The composition of TPC at Air Hqrs will be as follows:

1. VCAS/DCAS/AOM/AOA/AOP/IG, Chairman
2. IFA / Rep of IFA, Member (finance)
3. Rep of AHSP, Member
4. Rep of User, Member
5. Rep of Lgs, Member

b. The constitution of TPC at Command *level will be as follows:*

1. *AOC-in-C, Command, Chairman*
2. *IFA / Rep of CDA, Member (finance)*
3. *Rep. of Inspection Agency, Member*
4. *Rep. of User, Member*
5. *Rep. of Pur cell, Member*

c. The Constitution of TPC for OCG purchases at unit will be as follows:

1. *AOC/ CO, ED/BRD/AF Unit, Chairman*
2. *IFA / Rep of CDA, Member (finance)*
3. *CQAO, Member*
4. *C Lgs O, Member*
5. *Rep. of User Section, Member*

SOPS TO BE FOLLOWED AT UNIT LEVEL:

(i) Unit/Section requiring the items is to submit the demands to the Adjutant in the normal manner. After the demand for local purchase of the item is raised and submitted to respective Adjutant, the same will be submitted for AOC's/StnCdr's approval through SAO and through IFA, if the same is with financial concurrence.

(ii) Normal local purchases procedures as laid down .in FR, DFPR, GFR and MOM and CVC guidelines, **as to tendering, opening of tenders, TPC/PNC where applicable, placement of S.O. incorporating standard terms and conditions of contract and post-contract monitoring are to be strictly adhered to.**

(iii) If the expenditure is within the laid down financial limits, the case will be put up to IFA for the necessary concurrence wherever applicable

(iv) On receipt of the case from IFA's concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

(v) Contractor's bills (IAFA-68 revised) from the suppliers is to be preferred to the Senior Accountant Officer, after registering the same under OCG Code Head. In case of third party payments, Contractor's bill(AFA-68 revised) will invariably be submitted but not contingent bill.

(vi) Item purchased is to be BOC in Dead Stock Register and the stock taken annually by BOO.

(vii) In case the cost of items required is beyond powers of CFA, statement of case is to be prepared and submitted to higher CFA for sanction duly recommended by the AOC/Stn cdr, invariably with the views of local IFA.Local IFA is to be invariably associated in all such cases, though concurrence is to be accorded by higher IFA

SOPS TO BE FOLLOWED AT COMMAND LEVEL & ROUTING OF THE PROPOSAL

(i) Receive SOC from Unit in three copies. While forwarding SOP to Command, the same should be invariably be routed through local IFA at Unit along with his views. Local IFA is to be invariably associated in all such cases, though concurrence is to be accorded by higher IFA.

(ii) On receipt of the SOC, concerned section in Command will register the details of the case in the register maintained for the purpose, after checking the justification and fulfillment of conditions governing the requirement.

(iii) If all the conditions are fulfilled and expenditure is well within the laid down financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(iv) On the receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

SOPS TO BE FOLLOWED AT AIR HQRS LEVEL

(i) The SOC duly complete in all respect along with views of local IFAs at Command level will be forwarded to respective Directorate at Air HQs

(ii) All the SOCs pertaining to Unit will be routed to Air HQs through their respective Command HQs, along with views of respective IFAs

(iii) On receipt of the SOC, respective Directorate will register the same in the register maintained for the purpose, after checking the justification and fulfillment of conditions governing the requirement.

(iv) If all the conditions are fulfilled and expenditure is well within the laid down Financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(v) On the receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

Compilation of Expenditure and Post-audit -

After effecting payment in respect of all bills in respect of financial powers **with or without concurrence** of IFA, all auditable documents/vouchers will be submitted to respective CDA (AF)/JCDA (AF) who will compile expenditure and carry out **audit of sanctions.**

The following auditable documents in respect of payment of Contractors'/Suppliers' bills will invariably be submitted to CDA (AF)/JCDA (AF) for post-audit viz

(i) Original sanction

(ii) Original Supply Order

(iii) Contractor's bill is respect of third party payments.

(iv) Proof of Receipt/BOC/Articles in Use Note

(v) Original tenders/quotations alongwith C.S.T.

MONTHLY CONTINGENT EXPENDITURE ENUMERATED IN RULE 58 C(ii) (iii) and (iv)

(II) REWARDS FOR INFORMATION LEADING TO THE LOCATION OF INCENDIARIES

(III) REWARDS FOR SPECIALLY PROMPT AND MERITORIOUS ACTION IN CONNECTION WITH THE EXTINGUISHING OF FIRES AND SAVING OF LIFE AND PUBLIC PROPERTY FROM DAMAGES ARISING THEREFROM

(IV) REWARDS FOR INFORMATION LEADING TO THE CONVICTION OF PERSONNEL ACCUSED OF BRIBERY AND CORRUPTION

SOPs to be followed at Unit level

(i) Contingent bill duly supported by pre-receipted bill from the individual to be preferred by the Station Adjutant to the Senior Accountant Officer after registering the same under OCG Code Head

(ii) If the expenditure is within the laid down Financial limits the case will be put up to IFA for necessary concurrence wherever applicable.

(iii) On receipt of the case from IFA after concurrence, wherever applicable or otherwise the same will be put up to CFA for necessary sanction.

SOPs to be followed at Command and Air Headquarters

Similar SOPs as enumerated in Rule 58 C(i) will be followed.

MONTHLY CONTINGENT EXPENDITURE ENUMERATED IN RULE 58 C(v)

Temporary establishment or labour in excess of scale/ establishment.

CHECILIST AND SOPs TO BE FOLLOWED AT UNIT/COMMAND HQs LEVEL

(i) The employment of temporary personnel on IAFA-497 is designed to meet unforeseen and emergent commitments and is to be sanctioned by competent financial authority under the powers vested in them.

(ii) These financial powers are to be exercised subject to availability of funds under sub head C (d) casual employees in formation other than Air Headquarters.

(iii) Employment of temporary personnel on IAFA-497 is not permitted for task for which necessary provision has already been made in the authorized establishment.

(iv) Proposal for employment of additional temporary personnel should be submitted to the Competent Financial authority on IAFA-497 in triplicate well in time to enable him to examine the proposal carefully. Besides showing the number of personnel by classes, rates of pay and allowances, period of employment,. Total expenditure involved and justification.

(v) The temporary employment can be sanctioned only in such classes of personnel as are included in the regular establishment of a unit.

(vi) Such employees are to be paid only at the minimum of the scale of pay prescribed for corresponding posts on regular establishment plus DA, CCA and HRA at normal rates.

(vii) Temporary employment for clerks cannot be sanctioned by an officer possessing financial powers for his own office for which sanction of the next higher CFA is required.

(viii) In case of Command Headquarters, sanctions will be accorded by Air Headquarters.

(ix) The employment of personnel on IAFA-497 should be sanctioned for short duration only to meet additional emergent commitments, which could not be foreseen. If and when sanction of the higher authority is applied for continued employment of individuals beyond the initial sanction, the reasons as to why the continuation of employment beyond the date of initial sanction could not be foreseen at the time of initial sanction itself be indicated.

(x) The employment must not be split up and sanctioned piecemeal to avoid reference to the higher authority.

(xi) If the expenditure is within the laid down financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(xii) On receipt of the case from IFA's concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

(xiii) Contingent bill duly supported by pre-receipted bill from the suppliers to be preferred by the Station Adjutant to the Senior Accountant Officer after registering the same under OCG Code Head.

SOPs to be followed at Command and Air Headquarters :

(i) Similar SOPs as enumerated in Rule 58 C (i) will be followed.

Check List for intermediate and ultimate CFAs and IFAs:

(i) Whether demanded item is an authorized item as per Financial Regulation Part-I/other Govt Orders.

(ii) Whether Local purchase procedures as prescribed in FR, GFR, DFPR, MOD and CVC guidelines as to tendering, TPC/PNC where applicable and contracting have been strictly followed.

(iii) The items purchased are not available through service sources

(iv) The expenditure incurred is in the interest of service

(v) The items purchased are not for more than three months' requirement.

STANDARD OPERATING PROCEDURE FOR SANCTION EXPENDITURE ON MODs, TRIALS, PROJECTS FOR AIRCRAFT AVIONIC SYSTEM AND SPL. VEHICLES - UNDER ENHANCED DELEGATED FINANCIAL POWERS

Financial Provisions

1. **Schedule (sub schedule).** Schedule 1(C) of Appendix-II, Part-III of Financial Regulations(FR) Part – I provides financial powers to accord necessity and expenditure angle approval for aircraft/weapon system oriented experimental, trials, modification, trial of equipment for project including manufacture of special tools and equipment for weapon system, radars, missiles, communication systems and all test ground equipment. The delegated financial powers may be exercised, both with and without the concurrence of the integrated finance as explained below.

2. **Schedule (sub schedule).** Schedule 1(D) provides financial powers to accord necessity and expenditure angle approval for modification of specialist vehicles and the associated equipment to meet operational and technical needs.

3. The extent of the delegation of the financial powers is appended below.

Appendix II - Part II – Air Force
Schedule I
Powers to Incur Expenditure on Objects Enumerated in Rule 58(c)

Competent Financial Authority	Without IFA concurrence	With IFA/CDA concurrence
C: powers to accord necessity and expenditure angle approval for aircraft/weapon system oriented experimental, trials, modification, trial of equipment for project including manufacture of special tools and equipment for weapon system, radars, missiles, communication systems and all test ground equipment.		
(i) VCAS/DCAS/AOM	5,00,000	5,00,00,000
(ii) AOsC-in-C Maintenance Command, IAF	1,00,000	5,00,00,000
(iii) AOC/CO of self accounting BRD	60,000	25,00,000
D: powers to accord necessity and expenditure angle approval for modification of specialist vehicles and the associated equipment to meet operational and technical needs.		
(i) VCAS/AOM	1,00,000	1,00,00,000
(ii) AOsC-in-Cs	1,00,000	1,00,00,000
(iii) AOC/CO of self accounting BRD	10,000	5,00,000

4. **Areas / Ranges Covered By The Schedule (Sub Schedule).** Financial limits are in respect of each separate requirements/project, provided that the funds are available in respect of 58(C) (vi).

(a) Under new measures in respect of 58(C)(vi).

(b) Under contingent grant.

(c) Powers are delineated as follows

(i) VCAS for operational requirements.

(ii) DCAS for projects

(iii) AOM, AOC in C Maintenance Command and repair depots for technical requirements including that for specialist vehicles and the associated equipment. AOC in Cs of other commands for specialist vehicle and associated equipment towards operational needs.

General Guidelines

5. The financial powers for indigenisation have been delegated to the CFAs under two heads viz; powers in consultation with IFA/CDA and powers without consultation with IFA/CDA. The implications under these two heads are as under.

(a) **Powers in Consultation with IFA/CDA** All approvals under this head will be effected after prior concurrence of the appropriate IFA/CDA. This implies that the IFA/CDA will be associated prior to the concurrence at the following stages.

(i) Prior to the approval of the CFA for the project to include

(aa) Acceptance of necessity (Para 9-11).

(bb) Expenditure angle sanction (Para 36-39).

(ii) At the tender purchase committee (TPC) / Price negotiation committee (PNC) stage. After conclusion of the TPC/PNC, a summarised decision sheet would be prepared, which will contain the decision points in brief and the same will be signed by all members of the TPC/PNC, including the finance representative.

(iii) Formal minutes of the TPC/PNC meeting will be sent on file for the signatures of the finance representative and then the file with complete papers/documents will be put up to IFA/CDA for financial concurrence and the vetting of draft supply order before the TPC/PNC report is put up to CFA for sanction of the purchase.

(iv) Post contractual monitoring such as delivery period extension, waiving of the liquidity damages, risk purchases and issue of corrigendum to the supply orders involving financial implications.

(b) **Powers without consultation of IFA/CDA** All approvals and procurements under this head will be effected with CFA's sanction, following the laid down procedures except that IFA/CDA concurrence is not required to be taken. All procurement exceeding value of Rs. 1 lakh will be conducted through TPC, though concurrence will not be obtained from IFA/CDA.

Budgetary Support

6. **Code Heads.** The expenditure is debitable to the revenue code head under 742 of the weapon system in case the trial is maintenance or operational in nature or capital code head if it is a development trial.

7. **Budgetary Projections.** Budget projection will be made by all command HQ to D Fin P as per Appendix B to IAF 0152. Units will project its requirement to their respective command HQ. Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs. The projection is to be based on past trend of expenditure and future forecast requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAF 0152 and AFO 54/77. The time schedule to be followed for submission of estimates is given in Para 32 of AP0152. Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

8. **Availability of Budget Proposal.** D Fin P will make bulk allocation to all command HQ. Command HQ will make further allotment to units as per Para 20 and 21 of IAP 0152.

8A. **Budgetory Control / booking and Expenditure control.** Budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from each command as per time schedule laid down in Para 32 of IAP 0152. At Command and unit level, the budgetary control will be exercised like any other locally controlled code head.

Necessity Angle Approval

9. Basic necessity of the projects would emerge from the following

(a) Detailed case justifying the requirement projected by Air HQ / Controlling commands / Unit for incorporation of modification either on aircraft, it's systems or the ground based system to improve it's performance from operation or maintainability angle alongwith gist of study report based on which the mod is proposed.

(b) Modifications required for the trials of new equipment on aircraft or ground based systems including the acquisition of system in case available against rupee payment.

(c) Modification required on rotables aggregates of aircraft and ground based systems as a result of reliability, maintainability and operational enhancement studies.

(d) Experimental fabrication of testers, tools or other ground equipment in connection with the trials.

(e) De novo development of an indigenous system to meet the specified ASR.

(f) Trials of modern material handling equipment or machines and infrastructure including acquisition of the trial equipment.

(g) Experimental fabrication of repair and overhaul facilities.

(h) Experimental fabrication of infrastructure required for the life extension studies including acquisition of part/full infrastructure required for such studies.

10. The expenditure required on material testing, developmental work, equipment hiring, proto type testing, repair and calibration of the facilities set up for experimentation, associated software development, preparation of project reports, provisioning of communication and office equipment, preparation of engineering drawings and associated administrative, travel and miscellaneous expenditures incurred on consultants would be covered under this head for modifications and experimentation.

11. For all modifications and experimental projects, a SOC will be prepared for initiating the projects. Following aspects would be covered.

- Necessity and justification
- Proposal (including cost, reasonability of price)
- Tangible and intangible benefits.
- Financial outlay & Availability of Funds.
- Timeframe.
- All the aspects listed at para 6 and 7 above.

12. The working out financial outlay for projects involving trials, experimentation and modifications is a difficult task and hence a flexible approach will have to be adopted. In case the projected outlay falls short, a linked case for the enhancement of the financial outlay would be floated. The CFA for the acceptance of the necessity would be based upon the total consolidated financial outlay. The case for the enhanced financial outlay would clearly bring out the reasons for enhancement. While working out the financial effect, the availability of spares and other tools and testers in the inventory of the IAF would be taken into account and excluded from the overall costing of the project.

Processing of case for Sanction of the CFA – Necessity Approval.

13. **Details and Documents to be Provided.** Detailed case will be required to be put up to CFA (through IFA in case powers are in consultation) to establish necessity. In addition, the following details will also be required:-

(a) Draft sanction letter indicating total financial implications along with details of item for which sanction is required.

(b) Details of vendors to be approached or PAC certificate

(c) Type of tendering to be followed

(d) Availability of the funds.

(e) Draft RFP

14. The necessity angle approval for the modification and the experimental projects would be given by the appropriate CFA as given at para 1 above, with or without the concurrence of integrated finance as the case may be. **Wherever, CDA/IFA are involved for concurrence to the proposal, the same is to be processed and completed within 10 working days.** Projects, which are beyond the financial powers of the CFAs at BRD/AMSE level but within the financial powers of HQ Maintenance Command / Air HQ, shall be processed by HQ Maintenance Command, IAF and Air HQ for obtaining approval of the AOC in C MC or VCAS/DCAS/AOM. BRDs/AMSE will also forward the draft tender and proposed vendor list in such cases. After necessity angle approval, BRDs/AMSE will carry out all subsequent actions of tendering, TEC and TPC., associating invariably local IFA i.e. ACDA/LAO in entire procurement activities.

Vendors

15. A list of approved vendors will be maintained and updated by all the Maintenance cells / HQ MC / Repair depots on a regular basis. The vendors would be classified for different specialization like aeronautics, electronics, mechanical, computer hardware etc. Vendors would also be classified for consultancy and embedded software development. The vendor list will be updated and enlarged based upon the inputs from and interaction with various specialist agencies like NAL, IGCAR, HAL, ADA, DRDO and other scientific laboratories / DGAQA may also be consulted.

16. **Vendor Registration.** Vendor registration is to be done as per guide lines given in para 6 of GOI letter No. no Air HQ/S 80405/6/EA7(P)/2264/US(GS) D Air I dated 20 Oct 2000. The vendor registration process should be made as simple as possible since the small requirements, high technology and elaborate airworthiness requirements are generally not attractive for the vendors. Notwithstanding the above, vendor registration has to be done based upon the technical competence and economic soundness of the vendor. Therefore, BRDs /AMSE will ascertain technical credentials and financial credibilty of all the identified vendors before registration. This will be done by a technical committee of specialists headed by a senior technical officer nominated by CFA. Registrations be resorted through technical committee if genuine vendors are found during market survey / after technical seminars and exposition etc. Firms working for HAL, DRDO, ISRO or those approved by CEMILAC / DGAQA may be deemed to be registered automatically. The data on vendor registration would be updated from these agencies on a quarterly basis. The technical committee will also review the retention of already registered vendors based on their actual technical performance and response to offers. The depot will not do deletion of a vendor from the registered list itself. The case for de-registration should be forwarded by the BRD to HQ MC. HQ MC shall issue a notice to the firm and based on the firms response take a decision. The vendor is to be considered for competitive tendering till instructions are issued from HQ MC.

Indigenisation/Indigenous Development Process After Approval of Necessity

17. **Tender** The tender is the basic document laying down project parameters and it acts as the reference document for the vendor as well as the user. Due care will

therefore be taken in preparing the document. **The tender will be signed only by an officer authorized by the CFA to do so.**

18. **Tender preparation.** Tender Documents will be prepared wrt SOR, consignee, delivery schedule, mode of payment, option clause, security deposit, LD clause and other required terms and conditions of contract. The complete scope of work will be mentioned in SOR. The draft tender enquiry will be vetted by IFA/CDA.

Preparation of RFP / Tender Enquiry and Obtaining Offers

19. **Mandatory and Optional Clauses.** Request for proposals (RFPs) must be very clear on the following aspects:-

(a) **Requirement.** Specifications and the work content should be amply clear to all the vendors so that each one of them is able to respond exactly for the activities and the hardware required. It should clearly say the following:-

(i) Whether the vendor is expected to do the entire project or only a part of it. In a number of cases, IAF may be doing a sizeable activity by themselves.

(ii) Whether the drawings / specifications/ test schedules are available or expected to be developed by the vendors.

(iii) Whether the materials will be supplied by IAF or the vendor is expected to use his materials.

(iv) Whether the testing charges are to be borne by IAF or the vendor is expected to pay the same.

(v) Whether the shell / connectors / any part will be supplied by IAF (Safeguard of items to be supplied by Air force are to be kept in mind).

(b) **Airworthiness Approval.** The classifications of the modifications would be governed by the concerned AFO. Modifications and the experimental trials involving flight safety would require airworthiness approval. The RFPs must clearly bring out the requirements of airworthiness approval from the appropriate authority. Approvals from appropriate authority will also be required for the in-lieu materials selected, for the drawings / design and for the test schedules. The firms will have to make all improvements / rectification at no additional values. Any exceptional situation (vendors' demand of payment despite failure) must also be clearly brought out.

(c) **Long term support.** The RFPs must bring out the mandatory and obligatory requirement of continued product support in case the product coming out of the project is introduced in the service. Cost of the product support should be asked on the clearly defined terms and conditions.

(d) **Safeguard of Intellectual Property.** The RFPs must assure the vendors that their processes, design and all other information provided

in the technical offers will be kept confidential and will not be given to any other vendor by IAF. Also, it must be brought that after the payment of development cost, all the designs / drawings and intellectual property will be the right of IAF even if supply to other agencies / countries is allowed.

(e) Liquidating Damage and warranty Clauses will invariably be included in case of all projects..

(f) RFPs will clearly specify Time and date for submission of offer and Separate time and date for public opening of the Technical and Commercial (separate) offers be specified.

20. **Limited tendering.** Due to the peculiar requirements in the field of modification and experimentation, technical capability and expertise of the vendors is a very important aspect that must be objectively considered. Resorting to limited tendering to short-listed vendors or repute, while ensuring adequate competition, is therefore essential to get the requisite quality. Hence, tenders may be invited only from vendors from an approved list of vendors, keeping in view the requirement for adequate competition and transparency. In certain cases of most complex projects, where no vendor has come forward to take up development and no details are available even for costing or giving any proposal. In such cases, after specific clearance from AOC-in-C, MC in consultation with JCDA / IFA, some capable vendor may be asked to take up developmental activity on cost plus an accepted fixed profit. The cost in such cases may be got assessed by a team of officers & opinion of IFA may be sought at necessity angle stage.

21. The development orders may be placed on proprietary basis also under the following circumstances:-

(a) If the items are being developed from PSUs / DRDO labs / any other Govt agencies and the Depot is of the view that identifying more vendors and inviting wider competition is not likely to result in any major saving or improvement in quality (The recurring requirement / operational preparedness etc are to be kept in mind).

(b) If non availability of the item is causing PHU (thus resulting in large down time cost) and the Depot is of the view that identifying more vendors and inviting wider competition is not likely to result in any major saving or improvement in quality.

(c) The statement of case should clearly bring out the above aspects.

22. The orders may also be placed as per the terms and conditions of DGS&D rate contracts.

23. **Pre-vetting of RFPs.** All RFPs must be got vetted from integrated finance. In all cases including cases without concurrence of IFA, financial vetting should be done by IFA/CDA. The basis of determining LI with regard to prototype cost, unit cost or both should be clearly explained in draft Tender Enquiry..

24. **Mode of Despatch of Tenders / RFP.** Request for proposals (RFP) for development of items will be floated to all the registered vendors only for the range they are registered for. It needs to be ensured that RFP reaches all the vendors and

sufficient time is given for all to respond. Also on specific / standing requests from certain vendors, the enquiries could also be sent through their nominated couriers on freight to pay basis. The receipts in such cases should be filed with file copy. For local vendors, the RFPs could also be got delivered through DRs or by hand. In such cases, the receipt of the firm with their seal should be obtained preferably on the file copy. Guidelines enumerated in AOMs tas Directive 27/2001 are to be followed for receiving and opening of Tenders.

25. In case, of non receipts / delays in receipt of RFPs by one or more of prospective vendors, the Depot may consider extending the due dates provided the offers have not been opened and sanction of CFA for extending date of opening must be obtained on files. Also the decision must be communicated to all the vendors.

26. **Late Bids.** Late tenders, delay Tenders and post-vendor offers are not to be accepted in any case.

27. **Technical evaluation.** Whereas technical evaluation may be dispensed with in case of minor value items (ie. Where unit cost is less than Rs 50,000), TEC evaluation would be mandatory for all other cases. Wherever technical evaluation is to be carried out, a Technical Evaluation Committee (TEC) will be constituted. The composition of the TEC will be as described in this SOP later. Evaluation should, as far as possible is done against laid down qualitative requirements. This would enable evaluation of all vendors on a common basis and level playing field and to ensure maximum competition. Any offer by vendors of higher specifications than laid down in the tender enquiry may be accepted. **In case of consultancies, the vendors may also be asked for a presentation by the TEC to evaluate** the understanding of the practices to be followed by them. The technical evaluation is to ensure that the vendors have all understood the requirements of the tender in the intended sense. It must ensure that all proposals are as per the tender specification and the solutions offered are complete in all respects and that all vendors are brought on par. The TEC should only classify offers of various vendors as technically acceptable or unacceptable giving reasons for the same. Wherever any additional technical specifications over and above that specified in the tender document is considered necessary by the TEC for a complete solution, the same will be clearly recommended by the TEC in its report. TEC will also evaluate vendor rating and approach etc. The TEC may seek clarifications from vendors if so required. The TEC report should bring all the tenderers "on par", help the CFA clearly identifying the products and services likely to be procured from any of the selected vendors. **The idea is that price alone is the criterion once the TEC clearance is given to determine award of the tender.** The TEC report will be approved by the CFA or an officer nominated by him before TPC/PNC can be undertaken.

Procedure for Technical Evaluation and Price Negotiation

28. **Technical Evaluation Committees.** A designated Technical Evaluation Committee (TEC) will open all **technical bids** received from vendors. The composition of the TEC will be at the **discretion of the CFA.** The TEC will technically evaluate all proposals. A **suggested composition** of the TEC is as under

Officer of the rank not below Wg Cdr	-	Chairman*
Project officer	-	Member*
Quality assurance officer	-	Member*

(* are mandatory members. Other members may be included at the discretion of the CFA)

29. **Time frame for submission of TEC Report.** The TEC will be a time bound committee. The CFA shall specify the date for submission of the report by the TEC. Result of TEC may be communicated to vendors whose quotes have not been considered acceptable with reasons.

30. **Situations reducing to Single Vendor Case After TEC Evaluation.** A single vendor situation may result after tendering if only a single vendor responds to a tender or the bids of other vendors have been rejected by the TEC. Approval of CFA and IFA must be obtained either to process case on single Tender basis or to retender, depending on delegated financial powers against single tender. All such cases will be treated as single tender. (Rule 21 DFPR).

31. **Revised Commercial Bids.** In case during technical vetting, QRs undergo change, fresh commercial quotes will be invited based on firmed up QRs from all the technically qualified vendors, in which case commercial tenders are not to be opened at all. Revised commercial bids may also be asked for when a considerable delay has occurred since submission of the commercial bids with the approval of CFA. Prior concurrence of CDA/IFA will be taken for revised commercial bids in cases where CFA powers are to be exercised in consultation with CDA/IFA.

32. **Scrapping the RFPs/Enquiry.** Scraping of tenders should be an exception rather than rule. Specific sanction of the CFA in consultation with IFA if applicable should invariably be obtained before scrapping the RFP / enquiry. In case of urgencies, decision of CFA and IFA may be obtained on file and other members be informed. Scrapping could be considered in following cases:-

(a) When the requirement itself has changed. This could happen due to up-gradation of systems and obsolescence. There could also be cases where large quantity of spares have been received or identified as available. There can also be cases where the basic specifications themselves have undergone change.

(b) When major technological advancements have taken place in the field.

(c) When prices are considered very high on the recommendation of TPC.

33. **Tender Purchase Committees (TPC)/ Price Negotiation Committee (PNC).** Constitution of Tender purchase committees has been promulgated by the MOD as per MoD guidelines. The commercial bids of vendors who have been approved by the TEC will only be considered. These vendors will all be considered to be on par. An independent Board of officers will open the Commercial Bids in presence of vendors and these will be put up to TPC with Comparative Statement Table (CST). Commercial offers for technically rejected firms will remain sealed and not to be opened. Public opening of the commercial offers is a mandatory

requirement. The vendors attending it should be asked to sign a register to this effect. The commercial bids are to be compared & evaluated in an integrated manner i.e. the development cost, the bulk supply cost of the requirement if applicable and also product support if required. It should consider all levies, taxes & ED etc as also the escalation factors if applicable. The CST will invariably be vetted by IFA/CDA with regard to original quotation/tenders and other supporting documents. However, for determining the CFA, only development cost, cost of the proto type and the services with taxes, levies etc will be considered. The Tender Purchase Committee (TPC) will satisfy itself with the CST and may negotiate prices with lowest bidder wherever necessary. The TPC will thereafter make its recommendations to the CFA for approval after due concurrence of the IFA/CDA. All proceedings of the TPC meetings will be fully documented in detail. Adequate notice will be given to the IFA/designated CDA for detailing representatives for TPC. Typical composition of a TPC/PNC shall be as given below :-

- CFA - Chairman
- Project Officer
- Rep of CDA/IFA

(An officer of the level of ACDA/DCDA/JCDA)

34. **Time Frame for submission of TPC/PNC Report.** The TPC/PNC will also be a time bound committee. The CFA shall specify the date for submission of the report by the TPC/PNC at the time of its constitution.

Expenditure angle Approval

35. **Formulation of Proposal :** While formulating proposal for expenditure angle approval, the necessity, the cost of development and procurement cost if any, should be brought out.

36. **Details and Documents to be Provided.** Apart from all the documents provided at the time of necessity angle approval, the copy of RFP, the original quotations, PAC and the vetted CST clearly bringing out the basis for acceptance and record of all price negotiations, draft development/supply order and the formal sanction proformae duly recommended by appropriate authority at a step lower than the CFA, will be required to be put up to CFA (through IFA in case powers are in consultation), at the time of expenditure angle approval.

37. **Sanction of the CFA.** Concurrence of the CDA/IFA or their authorized representatives will be obtained on file including vetting of development/supply order where projects are to be executed in consultation with the CDA/IFA. Such concurrence shall be given within **five working days.** The IFA/CDA should indicate the U.O. No. and Date of his office on the draft development/supply order and this will be prominently shown in the final development/supply order to issued. The TPC/PNC report shall thereafter be approved for sanction of development/procurement proposal by the CFA under whose financial power the project is being executed and sanction for the project accorded. The formal sanction of the CFA will clearly specify the name of the firm, item, qty, specification as per SOR and the final price for the project. The sanction will be signed by the CFA. In

case of more than one agency involved, all the proposals should be put up in a consolidated manner for the sanction. In case it is not possible for some reasons, then the same is to be brought out and at the time of taking expenditure angle approval for remaining part, it should be linked with the limited approval.

38. **Cases where Project Cost Exceeds the Financial Powers of the CFA at the TPC Stage.** In the cases where the project cost after opening of tenders exceeds estimated cost, the complete case file with recommendations and views of local IFA will be forwarded to the appropriate CFA, within whose powers it falls without conducting PNC. Necessary sanction will be accorded by the CFA in consultation with the concerned financial advisor or alternatively PNC or retendering will be resorted to as per their instruction. The reasons for the project cost having exceeded the planned costs should be clearly indicated on the case file along with view of local IFA. PNC will be chaired by the officer within whose power the amount at issue falls, or any officer so authorized.

Post Sanction Actions - Development/Supply Order

39. Development/Supply order will be placed on the vendor, as approved by the CFA after vetting of the same by CDA/IFA on recommendation of TPC/PNC. **An officer authorized by the CFA shall sign the supply order.** The development/supply order will include all terms and conditions that affect the execution of the project. The under mentioned will be highlighted :-

(a) Scope of Project.
(b) Items to be provided/Services to be rendered.
(c) Overall Project Cost.
(d) Delivery Period.
(e) Payment Terms.
(f) Acceptance Testing Methodology.
(g) Liquidated Damages and warranty, if applicable.

The order should refer to all the conditions and details given in the RFP as also those discussed subsequently.

Security Deposit wherever applicable

40. **Distribution of Development Orders.** A copy of the development/supply order signed in ink will be separately sent to CDA/IFA by name soon after the placement of supply order. The copies of development/supply order must be distributed to the inspection agency, RCMA (where applicable), HQMC and Air HQ. Where the material is supposed to be issued by IAF, the copy of the order should also be given to LSW / ED with details of materials to be issued for loan embodiment. The safeguard of items to be issued on loan has to be kept in mind i.e., through Insurance / Bank guarantee/Collateral security deposit in consultation with IFA. It should be clearly specified in Tender Enquiry and Supply Order.

41. **Association of IFA/CDA with Post-Contractual Developments having Financial Bearing.** The IFAs/CsDA will also be fully associated with the post-contract stage developments having financial bearing like waiver of S.D **grant of**

extension **of time, waiver of liquidated damages and risk purchases etc.** In other words, the prior concurrence of IFA/CDA will be obtained in matters with financial implications.

42. **Amendment to Development/supply Orders.** This requirement should more of exception rather than rule. However, the situations may arise when the number of prototypes may have to be increased or certain design changes / additional testing having impact on prices may have to be incorporated half way through development process. All such cases will be amended only after proper justification with prior sanction of CFA and with the concurrence of IFA,. If the CFA changes because of this, the case will be put up to new CFA for sanction.

43. **Paying Authority and Mode of Payment.** The project officer is to obtain a pre-receipted bill in duplicate from the supplier and submit the same alongwith a contingent bill (IAFA 115) raised in three copies, to the account section for payment. The vouchers are to be endorsed on top in red ink " modification/experimental trials". Also the sl no of the manuscript register at which the item is BOC in the Manuscript Register is to endorsed on the contingent bill. The account sections will make all the payments locally and a consolidated monthly summary prepared by them will be forwarded to higher formations. The mode of payment will be by cheque, however, if the vendor is willing to get the cost of draft deducted from the bill amount, payment may be sent by draft on his request. In case HQ MC / Air HQ, payment will be made by CDA(AF) New Delhi / JCDA(AF) Nagpur. All equipment being procured is to be accounted for by bringing them on charge.

44. **Payment of Advance:** Advances payments should be decided only after obtaining the prior concurrence of CDA/IFA duly recording reasons. Advances up to 15 % of the order value should be payable on production of valid bank guarantee. This advance must be deducted at the time of payment. A separate register (auditable) just like expenditure & cost wise register should be maintained to record all the advance payments. Once payment of advance is adjusted, the guarantee should be returned. However, bank guarantee will be waived off in consultation with IFA in respect of procurement through Government agencies. All such Bank Guarantees should be pledged in favour of CDA/IFA..

45. **Selection of AHSP:** The discretion to select the AHSP will rest with the CFA. The airworthiness approval authority for modifications and experimental trials involving flight safety is RCMA and for other projects, the chief technical officer will give the approval. Detailed documentation including mod leaflets would be held at HQ Maintenance Command and would be the designated AHSP.

46. **Payment responsibility in case of failure of Items.** Modifications and experimental trials are full of uncertainties and failure is not uncommon. Availability of limited number of samples adds to the problem. Though all out efforts should be made to get offers subject to approval, failures may be accepted in cases where the failure of the item is not attributable to vendor. These could be cases:-

(a) Where despite best efforts of vendor, development could not succeed.

(b) Where some additional QRs emerged after completing a part of development process.

47. In all genuine cases, the payment responsibility for failure of development will be acceptable to IAF. However payment will be made commensurate to the efforts put in by the vendors & should never exceed 50 % of the order value, inclusive of advance paid if any The quantum would be decided in consultation with IFA where the CFA's powers are with the concurrence of integrated finance. All the engineering details, drawings and samples etc. developed upto that stage should be taken from the vendor and will be proprietary of IAF. After payment has been made the amount would be regularized as cash loss in terms of schedule VI.

Loan Issues For Destructive Testing

48. The existing regulations on the loan issue of destructive testing would be followed.

Check list for IFA and CFA and Documents to be submitted along with each case

49. This would remain similar SOP covering schedules XII (A) to (G) at time of necessity angle and expenditure angle approval respectively.

Time limits for processing the case

50. This would remain similar SOP covering schedules XII (A) to (G) at time of necessity angle and expenditure angle approval respectively.

51. References

GOI letter No Air HQ/ S 80405/6/EA7(P)/2264/US(GS) D Air I dated 20 Oct 2000.

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD

FROM HAL

Revenue Major Head : 2078
Minor Head : 110
Code Head : 751/01(I)
Date of Opening :
Funds Earmarked (year wise) :

SL. No.	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of serviceable items BOC with details

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD

FROM NON GOVERNMENTAL AGENCIES

Revenue Major Head : 2078
Minor Head : 110
Code Head : 753/01(I)
Date of Opening :
Funds Earmarked (year wise) :

SL. No.	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of serviceable items BOC with details

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD

FROM PSUs & GOVT AGENCIES OTHER THAN HAL

Revenue Major Head : 2078
Minor Head : 110
Code Head : 752/01(I)
Date of Opening :
Funds Earmarked (year wise) :

SL. No	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of service able items BOC with details

SCHEDULE: 1 (E)

STANDARD OPERATING PROCEDURE FOR SANCTION OF INDIGENISATION/ INDIGENOUS DEVELOPMENT OF MAINTENANCE STORES: POWERS TO ACCORD NECESSITY ANGLE APPROVAL

Introduction

1. Indigenisation is an important activity and needs to be given desired attention. To provide impetus to indigenisation of aeronautical items and to reduce dependence on imports, a separate schedule 1 (E) has been created in the FR appendix II part III – Air Force, under rule 58(c), for according necessity angle approval and incurring expenditure towards the indigenisation activity.

2. Very high technology level of aviation industry, small requirements for maintenance & stringent quality and airworthiness requirements make the indigenisation process for aeronautical spares a difficult task. At the same time, need for transparency and providing equal opportunity without any exception also exists. The present SOP has been made to provide a reasonable balance between the two.

Aim

3. To lay down standard operating procedure (SOP) for according necessity angle approval and incurring expenditure towards indigenisation/ indigenous development of maintenance stores.

Financial Provisions

4. Schedule (sub schedule). Schedule I(E) of Appendix-II, Part-III of Financial Regulations(FR) Part – I provides financial powers to accord necessity and expenditure angle approval for indigenisation / indigenous development of maintenance stores. The delegated financial powers may be exercised, both with and without the concurrence of the integrated finance. The extent of the delegation of the financial powers is appended below.

Powers to Incur Expenditure on Objects Enumerated in Rule 58(c)

Competent Financial Authority	Without IFA concurrence	With IFA/CDA concurrence
E: Indigenisation/indigenous development of maintenance stores: Powers to accord necessity and expenditure angle approval per transaction.		
(i) VCAS/AOM	1,00,000	50,00,000
(ii) AOsC-in-C Commands	1,00,000	30,00,000
(iii) AOC/CO of self accounting BRD	50,000	10,00,000

5. **Areas / Ranges Covered By The Schedule (Sub Schedule).** The term 'indigenisation' would cover indigenous development, indigenous repair / reclamation, indigenous / third country substitutions (without involving payment in foreign exchange), all activities related with reverse engg, testing, manufacturing of special tooling for development / testing of spares for the first time development, alternate source development and revalidation. The items covered are as follows:-

(a) Indigenisation of all spares required for 3rd and 4 th line servicing by the BRD/AMSE.

(b) Indigenisation of all spares for which the BRD / AMSE is the provisioning agency.

(c) Indigenisation of all spares which may be tasked to the Depot by HQMC / Air HQ specifically viz allocation of **indigenisation** task of ARS of different fleet / SU30 spare to various BRDs / AMSE.

(d) Spares requested to be indigenised by other Depots / AMSE by virtue of availability of expertise / infrastructure for reverse engg / development / testing / approval.

(e) All requirements of ASV, specialist MT, TTGE, GSE and consumables which is otherwise required to be imported either directly or indirectly (viz. PSUs importing spares and supplying to IAF).

(f) The schedule covers only the maintenance requirements and the import of capital goods are not covered.

6. **Occasions When The Financial Powers Can Be Used.** The powers can be used for the following occasions:-

(a) For payment of development cost for indigenous development of spares required by / tasked to the BRD / AMSE. The term development cost here means:-

(i) Sum total of cost of reverse engg, design / intellectual application, cost of the required number of prototypes / MOQs and the testing charges in cases where specific development is being under taken. One or more of these components may not be applicable in certain cases.

(ii) In case of indigenous / third country substitution, the procurement cost for the required number of prototypes / MOQs and the testing charges.

(iii) Cost for development of engg drawings / circuit diagrams / design documents.

(iv) Cost for reverse engg activity including material analysis of the samples, experimentation for establishing specifications viz temperature mapping, strain gauging etc, development of test schedules and consultancy charges to the specialists in the field.

(v) Testing charges for the prototypes including all the lab / rig testing, charges for development of rigs, material verifications and environmental testing.

(vi) Development cost of tooling viz pressforms for rubber and acrylic items, dies and punches for items requiring blanking operations, broaches, bending tools, die-casting dies, forging dies, hollowing dies and other forming tools for sheet metal work, testing & monitoring eqpt.

(vii) Replacement and new procurement of Fax machine, Plain paper copier machines and payment of Fax, STD charges as well as plain paper machine maintenance charges used on account of indigenisation.

(b) Cost for development of technology / processes for indigenous repairs / reclamations. Repair cost of prototypes in case indigenous repairs are being developed from trade.

(c) Cost of procurements of standards (Mil standards, BIS standards and Russian standards including cost of drawings available at HAL / PSUs.

(d) Cost of carrying out special treatments / protective coatings / part processes viz CNC wire cutting, swaging, spot welding, cold temp treatment, stress relieving treatment or any other process for the prototypes being developed.

(e) Cost for all the above activities for alternate source development also.

(f) Cost of procuring proto-types during revalidation.

General Guidelines

7. The financial powers for indigenisation have been delegated to the CFAs under two heads viz; powers in consultation with IFA/CDA and powers without consultation with IFA/CDA. The implications under these two heads are as under. A broad prioritization plan will be submitted to Air HQ along with PR/PRE/RE/MA and forecast estimates seeking allotment of funds.

(a) **Powers in Consultation with IFA/CDA** All approvals under this head will be effected after prior concurrence of the appropriate IFA/CDA. This implies that the IFA/CDA will be associated prior to the concurrence at the following stages.

(i) Prior to the approval of the CFA for the project to include

(aa) Acceptance of necessity. Proposal will be submitted through SOC giving full justification of item proposed to be indigenised. The SOC should include the details of annual consumption, cost of imported eqpt, financial, technical & operational advantage to be accrued as a result of indigenisation. The SOC should have recommendation of AOC BRD / AOC-in-C Command, source of indigenisation ie, vendors involved, financial implications, draft sanction letter indicating item & total cost (with breakup), list of vendors to be involved, cost estimation, and basis of cost estimation should be clearly brought out. In exceptional cases only are budgetary quotes to be resorted to.

(bb) Vetting of the financial terms and conditions of the draft tenders.

(ii) At the tender purchase committee (TPC) / Price negotiation committee (PNC) stage. After conclusion of the TPC/PNC, a summarized decision sheet would be prepared, which will contain the decision points in brief and the same will be signed by all members of the TPC/PNC, including the finance representative.

(iii) Formal minutes of the TPC/PNC meeting will be sent on file for the signatures of the finance representative and then the file with complete papers/documents will be put up to IFA/CDA for financial concurrence and the vetting of draft supply order before the TPC/PNC report is put up to CFA for sanction of the purchase.

(iv) Post contractual monitoring such as delivery period extension, waiving of the liquidity damages, risk purchases and issue of corrigendum to the supply orders involving financial implications.

(b) **Powers without consultation of IFA/CDA** All approvals and procurements under this head will be effected with CFA's sanction, following the laid down procedures except that **IFA/CDA concurrence is not required to be taken.** All procurement exceeding value Rs. 1 Lakh will be conducted through TPC, though concurrence will not be obtained from IFA.

Budgetary Support

8. **Code Heads.** The expenditure will be incurred from Revenue Major Head 2078, Minor Head 110 and Sub heads 751/01, 752/01 and 753/01. However, since these code heads have very vast usage for projects, modifications, trials and special tools for expediting production etc, a separate sub code head with suffix '(Ind)' is to be created by Dte Fin (P) in consultation with CDA & CGDA and these would be implemented from 2003-04 onwards. The details of the code heads to be created will be as follows:-

(a) For all the activities from HAL, code head 751/01(Ind) will be used.

(b) For all the activities from other PSUs, DRDO, OFs and Govt agencies, code head 752/01(Ind) will be used.

(c) For all the activities from agencies other than HAL, other PSUs and Govt agencies, code head 753/01(Ind) will be used.

9. **Budget Projections.** Based on Approved Prioritization Plan budget projection will be made by command HQ to D Fin P as per appendix B to IAP 0152. Units will project its requirement to their respective command HQ. Budgetary estimates are to be forwarded by the units for the ensuring financial year along with other LCHs. The projection is to be based on past trend of expenditure and future forecasts requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Para's 9 and 10 of IAP 0152 and AFO 54/77. the time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

10. **Availability of Budget proposal.** D Fin P will make bulk allocation to all command HQ. Command HQ will make further allotment to units as per Para 20 & 21 of IAP 0152.

11. **Budgetary Control / booking and Expenditure control.** Overall budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from each command as per time schedule laid down in Para 32 of IAP 0152. at Command and Unit level, the budgetary control will be exercised like any other locally controlled head.

12. **Standard Budgetary documents / Registers.** All Depots will maintain a manuscript register as per format placed at **Appendix 'A'**, separately for each sub head (751/01(I), 752/01(I) and 753/01(I). All the items developed / services obtained will be entered in these registers. The register will be subjected to audit by LAO and is to be checked by visiting staff officers from HQMC / Air HQ. At accounts section, a separate folio is to be

allotted in the budgetary control register to watch that the expenditure does not exceed the earmarked amount.

Necessity Angle Approval

13. Basic necessity of indigenisation of the items emerges from the PRs. Ideally any spare requiring indigenisation should appear in the import SOR. Many of the spares feasible for indigenisation, however, may be deleted from the SORs since they are likely to be indigenised before imports are expected to materialize. Such items will be appearing in the PRs (Q-542). In all such cases, the necessity will be deemed to exist and no separate necessity angle approval will be required. Giving the extract of SOR / Q-542 at the time of expenditure angle approval will be sufficient.

14. However, there may be numerous instances when the spares may not appear in the Q-542 / working sheets due to the following reasons:-

(a) The requirement for indigenisation of rotables / aggregates / sub-systems whose repair / overhaul facilities do not exist, requirements of TTGE, GSE and special rigs would be estimated from the existing deficiencies. While justifying necessity the deficiency of these items vis a vis scale is to be brought out.

(b) For better concentration on costly and complex items, many Depots have removed some of the low tech items from even the working sheets. This has been done because their presence makes the working sheets voluminous and every time these spares have to be studied thus preventing concentration on those which really deserve more attention. For all such items, the following actions will be taken:-

  (i) If the annual usage value is less than Rs 50,000/- for any spare, the projection of requirement by user section will be considered as existence of necessity. Thus, the indigenisation proformae raised by the section requiring the spare or provisioning agency, will be deemed as necessity and will need to be put up to CFA. Reasons for non appearance in Q-542 will be brought out in the indigenisation proformae.

  (ii) If the annual usage value exceeds Rs. 50,000/-, a special review will need to be carried out and will have to be attached at the time of expenditure angle approval.

(c) There may be still some more items, where improvements / up gradations have become feasible because of the continuous advancements. One time replacements or even regular replacement of such items may be considered useful for better system performance / maintainability. Some of the major assemblies / sub -assemblies may fall under this category. These need to be taken up on the basis criticality and feasibility. A small justification bringing out these facts will have to be given for taking these items for necessity angle approval.

15. For establishing the quantum of necessity, the dues-in are not to be considered. The process of indigenisation is long due to technical reasons. The imports (dues-in) are uncertain. Consideration of dues-in may never allow the process to start in time. Any activity tending to make the process of indigenisation process longer must be avoided.

16. **Gross and Net Requirements.** The Q-542 / SORs / SRs are for MPE period. However, many a time certain MOQs may be associated with the development process. Some times, the MOQs may be in excess of even the long term requirements. The genuinity of the insistence of the MOQs by the vendors will have to be assessed by the Depots.

Recommendations in this regard must consider the effect of non availability of the spare / down time cost. In any case, MOQs are an accepted fact and decision for the specific cases will be decided by TPC. In cases where the MOQ exceeds the requirement of MPE period, a justification will have to given while taking necessity angle approval. Besides such cases, Indigenisation process will only procure the required number of proto types for carrying out various testing.

The net requirement is to be clearly indicated in TE.

17. **Pricing of Proposal for necessity Angle.** The guidelines used for pricing in PRs will be applicable here **also**. It may, however, be noted that in case of indigenisation, development cost will also be involved. The process is normally initiated when at least one source has indicated feasibility. The assessed cost from such interaction can be considered for necessity angle approval if the Depot does not have any specific detail available.

Classification of Items for Indigenisation

18. All the items do not require same degree of attention when processed for indigenisation/indigenous development. It is therefore necessary that the items be classified into certain categories based upon their complexities to give focussed attention to more important items.

(a) Low value items where development charges are less than Rs 1 lakh including the cost of prototype or MOQ.

(b) High value items where development charges are more than Rs 1 lakh including the cost of prototype or MOQ.

Processing of case for Sanction of the CFA – Necessity Approval.

19. **Details and Documents to be Provided.** Relevant extract of Q-542 / SORs / SRs, copy of indigenisation proforma and a brief justification (if applicable) as per Para 14 an 15 above will be required to be put up to CFA (through IFA in case powers are in consultation) to establish necessity. In addition, the following details will also be required:-

(a) Details of vendors to be approached or PAC certificate

(b) Type of tendering to be followed

(c) Sufficiency of earmarked funds / action taken to project the requirements.

(d) Draft RFP.

20. The necessity angle approval for the indigenisation would be given by the appropriate CFA as given at Para 4 above with or without the concurrence of integrated finance as the case may be. **Wherever, CDA/IFA are involved for concurrence to the proposal, the same is to be processed and completed within 10 working days.** Indigenisation projects which are beyond the financial powers of the CFAs at BRD/AMSE level but within the financial powers of HQ Maintenance Command / Air HQ, shall be processed by the Command Indigenisation Officer at HQ Maintenance Command, IAF and ACAS(MP) at Air HQ till obtaining approval of the AOC in C MC or AOM, depending upon the financial outlay, with the concurrence appropriate IFA. BRDs/AMSE will also forward the draft

tender and proposed vendor list in such cases. After necessity angle approval, BRDs/AMSE will carry out all subsequent actions of tendering, TEC and TPC associating local IFA i.e. LAO/ACDA.

Vendors

21. A list of approved vendors will be maintained and updated by all the CFAs on a regular basis. The vendors would be classified for different ranges of spares like mechanical, electro- mechanical, electronics etc. Vendors would also be classified for consultancy and embedded software development. The vendor list will be updated and enlarged based upon the interactions during various seminars and registrations.

22. **Vendor Registration.** Vendor's lists are to be approved by Command Indigenisation Cell before it is registered at any unit. Registration of firm is to be done as per guidelines given in Para 6 of GOI letter No Air HQ/ S 80405/6/EA7(P)/2264/US(GS) D Air I dated 20 Oct 2000. The vendor registration process should be made as simple as possible since the small requirements, high technology and elaborate airworthiness requirements are generally not attractive for the vendors. Notwithstanding the above, vendor registration has to be done based upon the technical competence and economic soundness of the vendor. Therefore, BRDs /AMSE will ascertain technical credentials and financial credibility of all the identified vendors before registration. This will be done by a technical committee of specialists headed by a senior technical officer nominated by CFA. Indigenisation officer, Quality Assurance Officer and one specialist officer from the section overhauling / producing the major assembly using the item to be indigenised will be other members. Recommendations of the Technical committee are to be approved by Command Indg Officer before the firm is registered. Separate registration will be done for separate range of equipment or specialization. The process of registration need not be at any particular fixed frequency. Any additional registrations be resorted through technical committee if genuine vendors are found during market survey / after CII meets etc. Firms working for HAL, DRDO, ISRO and other aviation / hi-tech industries or those approved by CEMILAC / DGAQA may be deemed to be registered automatically. The data on vendor registration would be updated from these agencies on a quarterly basis by Command Indg Officer and distributed to all concerned units. The technical committee will also review the retention of already registered vendors based on their actual technical performance and response to offers. Similarly the depot will not do deletion of a vendor from the registered list itself. The case for de-registration should be forwarded by the BRD to HQ MC. HQ MC shall issue a notice to the firm and based on the firms response take a decision in consultation with IFA HQMC. The vendor is to be considered for competitive tendering till instructions are issued from HQ MC.

23. **Vendors to be Involved.** Following guidelines will be followed for involving minimum number of vendors in the process of indigenisation.

(a) In case of low value items depot will approach vendors identified by them out of the registered vendors. A quotation from even one vendor is acceptable provided it is considered that the cost is reasonable, and the amount falls within the delegated powers under Single Tender.

(b) For high value items, Depots will also use the data available with HQMC, approach ADA, CEMILAC, LCSO, DGAQA / TC(Aero) and various HAL divisions or any other agency relevant to the spare / item being developed besides vendors identified by them out of the list of registered vendors. If no response is received from these agencies within

30 days of despatch of the communication, it will be assumed that no additional inputs are likely to be available and case will be progressed with vendor data available with the depot.

24. For development of alternate source, the 80:20 rule as per GoI letter No. 7(76)/73D(SII) dated 12 Oct 99 is to be applied i.e. 20% of second requirement should be taken up for development through the second vendor and order for 80% of the requirement is to be placed on the first vendor who has already developed the item. However, the figure of 20% can be suitably modified increased only with approval of CFA. Once the second source is developed, orders can be placed on the most competitive one.

25. Parallel development through two sources in the first instance (item which has not been indigenously developed at all) itself may be undertaken on case to case basis with prior clearance of CFA with the concurrence of IFA, in cases necessitated due to anticipated long cycle time for development, criticality etc. No clearance, however, would be required if the vendors are willing to develop the items on 'No Cost No Commitment' basis.

Indigenisation/Indigenous Development Process After Approval of Necessity

26. **Tender** The tender is the basic document laying down project parameters and it acts as the reference document for the vendor as well as the user. Due care will therefore be taken in preparing the document. **The tender will be signed only by an officer authorized by the CFA to do so.**

27. **Tender preparation.** Depending upon the nature of indigenisation project, tender to suitable vendors from the approved vendor list will be issued. Various aspects such as nature and size of project vis-à-vis vendor capabilities, past performance of the vendor etc will be kept in mind while selecting vendors for a particular tender. **The bids in the tender will invariably be asked in two parts viz Technical Bids and Commercial Bids,** except in case of minor items where the nature of the procurement does not require any technical evaluation. Both these bids will be asked for in separate sealed envelopes.

Preparation of RFP / Tender Enquiry and Obtaining Offers

28. **Mandatory and Optional Clauses.** The process of indigenisation has lot of uncertainties. Many of the specifications which have some bearing on the prices / development cost are not available and are required to be generated during the process of development. Since aviation spares are all high value added items, Cost of raw materials etc may have very little impact on the product. In many cases, the testing tends to be very costly. Lack of information on the type of tests and extent of testing can really make the process of quoting quite difficult. Request for proposals (RFPs) , therefore, must be very clear on the following aspects:-

(a) **Requirement.** Specifications should be amply clear to all the vendors so that each one of them is able to respond exactly for the items required. In case it is not possible to formulate detailed specification, availability or exposure to the sample should be done on equal terms to all the vendors. The RFP must clearly bring out the extent of activities required. It should clearly say the following:-

(i) Whether the vendor is expected to develop the entire product or only the tooling.

(ii) Whether the drawings / specifications/ test schedules are available or expected to be developed by the vendors.

(iii) Whether the materials will be supplied by IAF or the vendor is expected to use his materials.

(iv) Whether the testing charges are to be borne by IAF or the vendor is expected to pay the same.

(v) Whether the shell / connectors / any part will be supplied by IAF.

(b) **Airworthiness Approval.** The RFPs must clearly bring out that the product supplied by them will be accepted only after airworthiness approval from the appropriate authority. Approvals from appropriate authority will also be required for the in-lieu materials selected, for the drawings / design and for the test schedules. The firms will have to make all improvements / rectification at no additional values. Any exceptional situation (vendors' demand of payment despite failure) must be clearly brought out.

(c) **Long term support.** The RFPs must bring out the mandatory and obligatory requirement of IAF for the firm's commitment of continued supply so long as the requirement exists from IAF once the development costs are paid. However, if considered necessary by them, the firms may like to give escalation factors, which may be discrete figures or linked with some economic indicators.

(d) **Safeguard of Intellectual Property.** The RFPs must assure the vendors that their processes, design and all other information provided in the technical offers will be kept confidential and will not be given to any other vendor by IAF. Also, it must be brought that after the payment of development cost, all the designs / drawings and intellectual property will be the right of IAF even if supply to other agencies / countries is allowed.

(e) Performance Warranty clause for high value items.

(f) Liquidating Damage Clauses in case of delays beyond the stipulated development lead time for high value items.

(g) The firms must be asked to intimate their status as a registered SSI so that due price preference can be given to them.

(h) RFPs will clearly cover the following aspects (in addition to the standard and special conditions):-

(i) Total quantity required as prototypes for development and the quantity required over next 5 years. This, however, may be procurable in small batches to validate the design.

(ii) Breakdown cost for development should be sought.

(iii) Two-bid system will invariably be followed, separate technical and commercial bids in sealed envelopes are to be invited. This should be clearly specified in Tender Enquiry.

(iv) Time and date for submission of offer should be specified.

(v) Separate time and date for public opening of the Technical and Commercial (separate) offers be specified.

(vi) Indigenisation process is started after lot of efforts in identifying the perspective vendors and studies of sample on part of Vendors. The whole exercise could become a non-starter if the RFPs do not reach the perspective vendors.

Acknowledgement of receipts of RFPs may be requested. If no acknowledgements are received the Depots may ask vendors through telegrams to get the RFPs collected.

(vii) The basis of determining LI with regard to prototype cost or unit cost or combination of both, is to be clearly indicated in Tender Enquiry.

29. **Limited tendering.** Due to the peculiar requirements in the field of indigenisation, technical capability and expertise of the vendors is a very important aspect that must be objectively considered for any indigenisation project. Resorting to limited tendering to short-listed vendors or repute, while ensuring adequate competition, is therefore essential to get the requisite quality. Hence, tenders may be invited only from vendors from an approved list of vendors, keeping in view the requirement for adequate competition and transparency. In certain cases of most complex items, no vendor has come forward to take up development and no details are available even for costing or giving any proposal. In such cases, after specific clearance from AOC-in-C, MC in consultation with JCDA / IFA, some capable vendor may be asked to take up developmental activity on cost plus an accepted fixed profit. The cost in such cases may be got assessed by a team of officers including the IFA reps and if possible a cost accountant.

30. In all cases, the following points will be considered while identifying vendors:-

(a) Only those vendors who are themselves in the field will be approached. While consortium approach is acceptable, the vendors should have at least some of the facilities / infrastructure. In no cases, should any agent / trader/ middleman / intermediary / supplier be approached.

(b) In third country substitution, the guiding principle should be availability of the source on a long-term basis.

(c) Once the exercise of registration / vendor identification has been gone through, there is no embargo on minimum number of vendors to be approached. Even if only one vendor exists for a particular range of spare, it is acceptable.

(d) If the exercise of approaching vendors for some spares of a particular generic category has been gone through and only few capable vendors have emerged, the RFPs for development of more of similar spares can be floated only to these vendors. If some other vendors for that type of spares have been registered by the Depot / HQMC during the intervening period then such vendors are to be included in the fresh inquiry. All those cases, which were rejected technically or did not respond, need not be approached repeatedly. This will hold true even if only one capable vendor could be identified.

(e) The development orders may be placed on proprietary basis also under the following circumstances:-

(i) If the items are being developed from PSUs / DRDO labs / any other Govt agencies and the Depot is of the view that identifying more vendors and inviting wider competition is not likely to result in any major saving or improvement in quality.

(ii) If non availability of the item is causing PHU (thus resulting in large down time cost) and the Depot is of the view that identifying more vendors and inviting wider competition is not likely to result in any major saving or improvement in quality.

(iii) The statement of case should clearly bring out the above aspects.

31. **Pre-vetting of RFPs.** All RFPs must be got vetted from the specialists from the section requiring the spares, Quality Assurance Officer and the RCMA (if applicable) for the technical aspects and integrated finance i.e. IFA for the financial aspects. In all cases including cases without concurrence of IFA, financial vetting should be done by the IFA/CDA.

32. **Mode of Despatch of Tenders / RFP.** All TEs will be sent by registered post.

33. **Technical evaluation.** Whereas technical evaluation may be dispensed with in case of minor items, TEC evaluation would be mandatory for all other cases. Wherever technical evaluation is to be carried out, a Technical Evaluation Committee (TEC) will be constituted. The composition of the TEC will be as described in this SOP later. Evaluation should, as far as possible is done against laid down qualitative requirements. This would enable evaluation of all vendors on a common basis and level playing field and to ensure maximum competition. Any offer by vendors of higher specifications than laid down in the tender enquiry may be accepted. "Amendment to SO" in such case shall be carried out in consultation with IFA/CDA. **In case of consultancies, the vendors may also be asked for a presentation by the TEC to evaluate** the understanding of the practices to be followed by them. Fresh Price Bids & Tech Bid to be obtained after presentation. The technical evaluation is to ensure that the vendors have all understood the requirements of the tender in the intended sense. It must ensure that all proposals are as per the tender specification and the solutions offered are complete in all respects and that all vendors are brought on par. The TEC should only classify offers of various vendors as technically acceptable or unacceptable giving reasons for the same. Wherever any additional technical specifications over and above that specified in the tender document is considered necessary by the TEC for a complete solution, the same will be clearly recommended by the TEC in its report. TEC will also evaluate vendor rating and approach etc. The TEC may seek clarifications from vendors if so required. The TEC report should bring all the tenderers "on par", help the CFA clearly identifying the products and services likely to be procured from any of the selected vendors. **The idea is that price alone is the criterion once the TEC clearance is given to determine award of the tender.** The TEC report will be approved by the CFA or an officer nominated by him before TPC/PNC can be undertaken.

Procedure for Technical Evaluation and Price Negotiation

34. **Technical Evaluation Committees.** A designated Technical Evaluation Committee (TEC) will open all **technical bids** received from vendors. The composition of the TEC will be at the **discretion of the CFA.** The TEC will technically evaluate all proposals. A **suggested composition** of the TEC is as under :-

Officer of the rank not below Wg Cdr	-	Chairman*
One officer from user section	-	Member*
CQAO	-	Member*
Indigenisation officer	-	Member*

(* are mandatory members. Other members may be included at the discretion of the CFA)

35. **Time frame for submission of TEC Report.** The TEC will be a time bound committee. The CFA shall specify the date for submission of the report by the TEC.

36. **Determination of L1 is to be done** as per guidelines given Para 6 of GOI letter No Air HQ/S 80405/6/EA7(P)/2264/US(GS) D Air dated 20 Oct 2000.

37. **Situations reducing to Single Vendor Case After TEC Evaluation.** A single vendor situation may result after tendering if only a single vendor responds to a tender or the bids of other vendors have been rejected by the TEC .All such cases will be treated as Single Tender and will be dealt as per delegated financial powers. (Rule 21 of DFPR). .

38. **Revised Commercial Bids.** In case during technical vetting, QRs undergo change, fresh quotes will be invited based on firmed up QRs from all the vendors, in such cases commercial tenders are not to be opened at all. Revised bids may also be asked for when a considerable delay has occurred since submission of the commercial bids. Prior concurrence of CDA/IFA will be taken for revised commercial bids in cases where CFA powers are to be exercised in consultation with CDA/IFA.

39. **Scrapping the RFPs/Enquiry.** **Scraping** of tenders should be an exception rather than rule. Specific sanction of the AOC of the Depot through SRC and SAO (IFA if applicable) should invariably be obtained before scrapping the RFP / enquiry. The reason for scrapping should be recorded on file. In case of urgencies, decision of AOC / CO and IFA may be obtained on file and members be informed. Scrapping could be considered in following cases:-

(a) When the requirement itself has changed. This could happen due to upgradation of systems and obsolescence. There could also be cases where large quantity of spares have been received or identified as available. There can also be cases where the basic specifications themselves have undergone change.

(b) When major technological advancements have taken place in the field.

(c) When prices are considered very high.

(d) When contractors have formed a cartel.

(e) When development is not intended to be progressed.

40. **Tender Purchase Committees (TPC)/ Price Negotiation Committee (PNC).** Tender purchase committees will be constituted as per guidelines for all indigenisation projects in excess of Rs. 1 lakh. The commercial bids of vendors who have been approved by the TEC will only be considered. These vendors will all be considered to be on par. An independent Board of officers will open the Commercial Bids and these will be put up to TPC with Comparative Statement Table (CST). The CST will be vetted by IFA/CDA before it is put up to TPC. Commercial offers for technically rejected firms will remain sealed and not to be opened. Public opening of the commercial offers is a mandatory requirement. The vendors attending it should be asked to sign a register to this effect. The commercial bids are to be compared & evaluated in an integrated manner i.e. the development cost & the bulk supply cost of our import MPE requirement/MOQ (which should be mentioned in the RFP and tender response also). It should consider all levies, taxes & ED etc as also the escalation factors if applicable. IFA will ensure that price preference to registered SSIs & purchase preference to registered PSUs over private venders should be given as per the existing rules & should be incorporated in TE. However, for determining the CFA, only development cost, cost of the proto type and the mandatory MOQ will be considered. The Tender Purchase Committee (TPC) will satisfy itself with the CST and may negotiate prices with lowest bidder wherever necessary. The TPC will thereafter make its recommendations to the CFA for

approval after due concurrence of the IFA/CDA. All proceedings of the TPC meetings will be fully documented in detail. Adequate notice will be given to the IFA/designated CDA for detailing representatives for TPC. Typical composition of a TPC/PNC shall be as given below :-

- CFA
- One Officer from user
- Quality Assurance Officer.
- Indigenisation officer
- Rep of CDA/IFA

(An officer of the level of ACDA/DCDA/JCDA)

In order to avoid unnecessary movement of TPC representatives and files, TPCs for several proposals can be clubbed and considered on a specified day at a time and location convenient to all. The CFAs are enjoined to decide periodicity of such meetings in consultation with their IFAs.

41. **Time Frame for submission of TPC/PNC Report.** The TPC/PNC will also be a time bound committee. The CFA shall specify the date for submission of the report by the TPC/PNC at the time of its constitution.

Expenditure angle Approval

42. **Formulation of Proposal** : While formulating indigenisation proposal for expenditure angle approval, the necessity, the cost of indigenous development and subsequent procurement cost should be brought out.

43. **Routing of Proposal.** At the Depot level, the proposal is to be prepared and initiated by the indigenisation officer and will be put up to CFA. For higher formations, the proposal from BRDs /AMSE will be forwarded to C Indg O at HQMC, who will vet the proposal and put up to CFA through then IFA. All cases beyond powers of HQMC will be routed to JD(Indg) who will vet them and put up to CFA.

Note:- In cases where powers of CFA are in consultation with IFA the proposal will be routed through IFA

44. **Details and Documents to be Provided.** Apart from all the documents provided at the time of necessity angle approval, the copy of RFP, the original quotations, PAC and registered SSI certificate (where applicable) and the CST clearly bringing out the basis for acceptance and record of all price negotiations, draft development/supply order and the formal sanction proforma duly recommended by appropriate authority at a step lower than the CFA, will be required to be put up to CFA (through IFA in case powers are in consultation), at the time of expenditure angle approval.

45. **Sanction of the CFA.** Concurrence of the CDA/IFA or their authorized representatives will be obtained on file including vetting of development/supply order where projects are to be executed in consultation with the CDA/IFA. Such concurrence shall be given with **five working days.** The IFA/CDA should indicate the U.O. No. and Date of his office on the draft development/supply order and this will be prominently shown in the final

development/supply order to issued. The TPC/PNC report shall thereafter be approved for sanction of development/procurement proposal by the CFA under whose financial power the project is being executed and sanction for the project accorded. The formal sanction of the CFA will clearly specify the name of the firm and the final price for the project. The sanction will be signed by the CFA.

46. **Cases where Project Cost Exceeds the Financial Powers of the CFA at the TPC Stage.** In the cases where the project cost after opening the Tenders exceeds the financial powers of the CFA, the complete case file with recommendations of the CFA will be forwarded to the next higher CFA, within whose powers the, sanction can be given. **Necessary sanction will be accorded by the higher CFA in consultation with the concerned IFA/CDA** , or alternatively PNC or re-tendering will be suggested. The reasons for the project cost having exceeded the planned costs should be clearly indicated on the case file along with views of local IFA. In all such cases, the CFA will also issue specific directions in regards to responsibilities for project implementation as also methodology for processing payments in consultation with IFA.

Post Sanction Actions - Development/Supply Order

47. Development/Supply order will be placed on the vendor, as approved by the CFA after vetting of the same by CDA/IFA on recommendation of TPC/PNC. **An officer authorized by the CFA shall only sign the supply order.** Copy of the authorization should also be sent to paying agency. The development/supply order will include all terms and conditions that affect the execution of the project. The under mentioned will be highlighted :-

(a) Scope of Project.

(b) Items to be provided/Services to be rendered.

(c) Overall Project Cost.

(d) Delivery Period.

(e) Payment Terms.

(f) Acceptance Testing Methodology.

(g) Liquidated Damages.

(h) Warranty.

(j) The order should refer to all the conditions and details given in the RFP as also those discussed subsequently.

(k) It should be enclosing the drawing / specification, test schedule and sample / samples. If he is expected to develop the same during the development process, the same should also be brought out clearly. Where material is supposed to be provided by IAF, the vendor must be advise for collection of the same.

(l) Where MOQs are involved, vendors must be advised to supply only few prototypes (as required for testing) initially.

(m) All the stage approval requirements / inspection requirements, if applicable, must be clearly brought out.

48. **Distribution of Development Orders.** A copy of the development/supply order signed in ink will be separately sent to CDA/IFA by name soon after the placement of supply order. The copies of development/supply order must be distributed to the inspection agency, RCMA (where applicable), HQMC and Air HQ. Where the material is supposed to be issued by IAF, the copy of the order should also be given to LSW / ED with details of materials to be issued for loan embodiment.

49. **Association of IFA/CDA with Post-Contractual Developments having Financial Bearing.** The IFAs/CDAs will also be fully associated with the post-contract stage developments having financial bearing like **grant of extension of time, waiver of liquidated damages and risk purchases etc.** In other words, the prior concurrence of IFA/CDA will be obtained in matters with financial implications.

50. **Amendment to Development/supply Orders.** This requirement should more of exception rather than rule. However, the situations may arise when the number of prototypes may have to be increased or certain design changes / additional testing having impact on prices may have to be incorporated half way through development process. All such cases will be amended only after proper justification with prior sanction of CFA and with the concurrence of IFA where applicable.

51. **Paying Authority and Mode of Payment.** The indigenisation officer is to obtain a pre-receipted bill in duplicate from the supplier and submit the same along with a contractors bill (IAFA 68 revised) raised in three copies, to the account section for payment. The vouchers are to be endorsed on top in red ink " Indigenisation". Also the sl no of the manuscript register at which the item is BOC in the Manuscript Register is to endorsed on the contingent bill. The account sections will make all the payments locally and a consolidated monthly summary prepared by them will be forwarded to higher formations. The mode of payment will be by cheque, however, if the vendor is willing to get the cost of draft deducted from the bill amount, payment may be sent by draft on his request.

52. **Payment of Advance:** All advance payments should be decided invariably by CFA with prior concurrence of IFA. Advances up to 15 % of the order value should be payable on production of valid bank guarantee from a nationalized bank is to be pledged in favour CDA/IFA in consultation with IFA. This advance must be deducted at the time of payment. A separate register (auditable) just like expenditure & cost wise register should be maintained to record all the advance payments. Once payment of advance is adjusted, the guarantee should be returned.

However, B.G. will be waived off, in consultation with IFA in respect of procurement through Government Agencies.

53. **Selection of AHSP:** The discretion to select the AHSP will rest with AOM / AOC-in- C HQs MC. The airworthiness approval authority for flight critical item is RCMA and for non-critical items, it is the self-reliance Committee (SRC) of the depot. In the SRCs, the Quality Assurance Officer plays an important role of an independent agency and is also responsible for inspection of bulk supply. Even the RCMA approved documents are held with the depots only. The Quality Assurance Officer of BRDs will be the AHSP.

54. **Payment responsibility in case of failure of Items.** Indigenous developments are trials. This is particularly so in the light of grossly inadequate specifications and dependence on reverse engineering, which is easier said than done. Availability of limited number of

samples adds to the problem. Though all out efforts should be made to get offers subject to approval, failures may be accepted in cases where the failure of the item is not attributable to vendor. These could be cases:-

(a) Where despite best efforts of vendor, development could not succeed.

(b) Where some additional QRs emerged after completing a part of development process.

(c) There can also be cases where in lieu material / alternate process, though accepted initially, was not found to be suitable.

55. In all genuine cases, the payment responsibility for failure of development will be acceptable to IAF. However payment will be made commensurate to the efforts put in by the vendors & should never exceed 50 % of the order value, inclusive of advance paid if any after clearance of IFA & CFA. All the reverse engineering details, drawings and samples etc. developed upto that stage should be taken from the vendor and will be property of IAF. The vendor is to give suitable confirmation that advance has been gainfully utilized for the project in a reasonable time. After payment has been effected the sanction of CFA on ex post facto basis is to be obtained as cash loss not due to theft fraud & gross neglect.

Check list for IFA and CFA and Documents to be submitted along with each case

56. These would remain similar to SOP pertaining to schedule XII (A) to (C) & XII (D) to (G) at time of necessity angle and expenditure angle approval respectively.

Time limits for processing the case

57. These would remain similar to SOP pertaining to schedule XII (A) to (C) & XII (D) to (G) at time of necessity angle and expenditure angle approval respectively.

58. References

(a) GOI letter no Air HQ/S 80405/6/EA7(P)/2264/US(GS) D Air I dated 20 Oct 2000.

(b) GOI letter no Air HQ/S 80405/2/EA7(P)/1512/DOI/Air I dated 11 Sep 1996.

(c) 7(5)/99/D(S-II) dated 11 Nov 99

(d) 7(76)/73/D(S-II) dated 11 Oct 99

(e) HQs BRD Manual on indigenisation

STATEMENT SHOWING HEADWISE DETAILS OF DEVELOPMENT ORDERS PLACED ON CASH AND CARRY BASIS FOR INDIGENISATION OF MAINTENANCE ITEMS: AVIATION STORES

PRELIMINARY REPORT (PR) YEAR (2002-03)

Major Head : 2078
Minor Head : 110

Rupees in lakhs

Code Head : 751 / 01(I), 752 / 01(I), 753 / 01 (I)
ACAS (MP)

Sl. No.	Code Head	Value of carry over orders upto 31 March (year)	Value of orders placed from 01 Apr till 30 Jun (year)	Value of payments made between 01 Apr till 30 Jun (year	Balance available from the earmarked funds	Amount of funds likely to be spent during current financial year	Increased / Reduction required in the funds earmarked	Justification
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)
01.	751 / 01 (I)							
02.	752 / 01 (I)							
03.	753 / 01 (I)							

APPENDIX 'A2'
Refers to

STATEMENT SHOWING HEADWISE DETAILS OF DEVELOPMENT ORDERS PLACED ON CASH AND CARRY BASIS FOR INDIGENISATION OF MAINTENANCE ITEMS: AVIATION STORES

PRELIMINARY REVISED ESTIMATE (PRE) YEAR (2002-03)

MAJOR HEAD : 2078
Minor Head : 110
Code Head : 751 / 01(I), 752 / 01(I), 753 / 01 (I)
ACAS (MP)

(Rupees in lakhs)

Sl. No.	Code Head	Value of carry over orders upto 30 June (year)	Value of orders placed from 01 Jul till 30 Sep (year)	Value of payments made between 01 Jul till 30 Sep (year)	Balance available from the earmarked funds	Amount of funds likely to be spent during current financial year	Increased / Reduction required in the funds earmarked	Justification
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)
01.	751 / 01 (I)							

STATEMENT SHOWING HEADWISE DETAILS OF DEVELOPMENT ORDERS PLACED ON CASH AND CARRY BASIS FOR INDIGENISATION OF MAINTENANCE ITEMS: AVIATION STORES

BUDGET ESTIMATE (BE) YEAR (2002-03))

Major Head : 2078
Minor Head : 110 Code Head : 751 / 01(I), 752 / 01(I), 753 / 01 (I)
ACAS (MP)

(Rupees in lakhs)

Sl. No.	Code Head	Value of carry over orders as on 30 Sep (year)	Value of orders placed from 01 Oct till 31 Dec (year)	Value of payments made between 01 Oct till 31 Dec (year)	Balance available from the earmarked funds	Amount of funds likely to be spent during current financial year	Increased / Reduction required in the funds earmarked	Justification
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)
01.	751 / 01 (I)							

STATEMENT SHOWING HEADWISE DETAILS OF DEVELOPMENT ORDERS PLACED ON CASH AND CARRY BASIS FOR INDIGENISATION OF MAINTENANCE ITEMS: AVIATION STORES

MODIFIED APPROPRIATION(MA) YEAR (2002-03)

Major Head : 2078
Minor Head : 110
Code Head : 751 / 01(I), 752 / 01(I), 753 / 01 (I)
ACAS (MP)

(Rupees in lakhs)

Sl. No.	Code Head	Value of carry over upto 31 March (year)	Value of order placed from 01 Apr till 30 Jun (year)	Value of payments made between 01 Apr till 30 Jun (year	Balance available from the earmarked funds	Amount of funds likely to be spent during current financial year	Increased / Reduction required in the funds earmarked	Justification
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)
01.	751 / 01 (I)							

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD FOR INDIGENISATION ACTIVITIES FROM HAL

Revenue Major Head : 2078
Minor Head : 110
Code Head : 751/01(I)
Authority : Schedule I(E) Appendix II, Part III FR Pt I
Date of Opening :
Funds Earmarked (year wise) :

SL. No.	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of serviceable items BOC with details

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD FOR INDIGENISATION ACTIVITIES FROM NON GOVERNMENTAL AGENCIES

Revenue Major Head : 2078
Minor Head : 110
Code Head : 753/01(I)
Authority : Schedule I(E) Appendix II, Part III FR Pt I
Date of Opening :
Funds Earmarked (year wise) :

SL. No.	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of serviceable items BOC with details

MANUSCRIPT REGISTER CONTAINING RECORD OF EXPENDITURE AT BRD FOR INDIGENISATION ACTIVITIES FROM PSUs & GOVT AGENCIES OTHER THAN HAL

Revenue Major Head : 2078
Minor Head : 110
Code Head : 752/01(I)
Authority : Schedule I(E) Appendix II, Part III FR Pt I
Date of Opening :
Funds Earmarked (year wise) :

SL. No.	Date	Particular of items / activities	Name of supplier	Cost of item / service	Quantity ordered	Bill No. & Date	Date Passed to accounts	Qty consumed in testing	Qty of prototypes downgraded	Qty of serviceable items BOC with details

Schedule: I (F)

SOP FOR AIRLIFT OF STORES FROM AND TO ABROAD

1. **Schedule**. Appendix II Part-III Air Force Schedule I Para F. Airlift of stores from and to abroad per transaction. Powers VCAS/AOM without IFA concurrence Rs1,00,000/- and with IFA/CDA concurrence Rs1,00,00,000/-. These powers can be exercised at Air HQs only.

2. **Areas/ Ranges Covered.**

All despatches to be made to from abroad based covering all Air Force store, machines & supplies.

Note: *Despatch of items from & to abroad by civil air is normal mode of transport.*

3. **Occasion When Powers Can Be Used** Air Force equipment/stores may be airlifted to/ from foreign countries by civil Airlines.

4. **Budgetary Support.**

(a) **Code Head.** Budgetary support will be as follows :-

(i) The expenditure on air freight of stores received/dispatched by civil air is to be debited to Major Head 2078 Minor Head 105; Transportation, Code Head 732/02 and Cash Account Voucher Head 27B.

(ii) The expenditure for clearance of customs duty is to be debited to Major Head 2078 Minor Head 110, stores, Code 742 to 750 as the case may be and the Cash Account Voucher number to be allotted 20A to K, as applicable in each case.

(b) **Budget Projection:** Budget projection will be made by concerned directorates to DMA who in turn will forward the consolidated requirement to D Fin P as per Appendix 'C' to IAP 0152 (Para 14 of IAP 0152 refers).

(c) **Availability Of Budget Proposal:** Individual cases are to be routed through D Fin for confirmation an availability of funds.

(d) **Budgetary Control/Booking And Expenditure Control:** Budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from DMA. DMA will coordinate budgetary requirement and expenditure of each directorate. Consolidated estimate and reviews as per time schedule laid down in Para 32 of IAP 0152 will be forwarded to Dte of Fin P by DMA. Review of the budget by the respective directorate will be made as given in Para 33 to 37 of IAP 0152.

(e) **Standard Budget Document**:- Budget documents in manner similar to any centrally control code heads as per IAP 0152 will be maintained for budgetary control, booking and expenditure of funds on this account. At unit level, freight charge payment register will be maintained.

(f) Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

5. **Methodology For Dispatch By Air**

(a) **Through Annual Contract.**

(i) Anticipated requirement of funds for next financial year giving details of destination and estimated expenditure will be forwarded by each directorate to D Stores (DD Mov) by 30 Sep of the previous year. The directorates should base their requirement on past requirement pattern, of AOG items in past and proposed repairs from abroad. Anticipated requirements against repair contracts for the next financial year destination wise could also be included in the projections. DD Mov will consolidate the requirement for each destination and will move the proposal for airlift of required stores from/to India and various destinations abroad for taking approval from acceptance of necessity angle. While requesting necessity approval, Draft Tenders & list of vendors should be given in the proposal. Only where recurring & sufficient to & fro volume is available, should annual contracts be entered into. In all other cases proposal on per transaction basis are to be processed. Separate contracts can be entered into for zones, destinations, countries etc based on requirement. On receipt of necessity angle approval, D Stores (DD Move) is to initiate action for entering into annual contract in the beginning of each year. The contract would be on the basis of piecemeal booking by weight/volumetric weight norms as well as for chartered flight as the case may be. The contract could be entered with Air India or other cargo agent who are member of IATA and recognised by various Airlines as cargo agents. In case of airlift by chartered flight, instructions contained in AFO 3/97 will be adhered to. In case of contract with Air India/Indian Air Lines, the concept of fixed cost quotation could be exploited and case moved to IFA and CFA for acceptance of necessity angle and expenditure concurrence together. Normal Tender procedure is to be followed. Offers on receipt are to be tabulated and put up to AOM through IFA for expenditure angle clearance. A draft contract should accompany the expenditure angle approval case.

(ii) 31 MCU/other designated unit/forwarding agent based on the contract will undertake dispatch from/to abroad on instruction of the concerned maintenance cell/directorate. The maintenance cell/Dte will obtain clearance from expenditure angle of IFA and concerned CFA for utilising the services of this contract for a particular airlift. The concerned maintenance cell/directorate is to ensure that the contract for airlift from/to the designated country exist, the required funds are available. If a destination is covered in a contract CFA sanction for each despatch from necessity angle is not required.

(b) **On Case to Case Basis.** When a need for airlift of stores from/to abroad is anticipated and no contract is existing or has been finalised, following procedure will be followed:-

(i) When airlift of stores from/to abroad is warranted the sponsoring is to obtain necessity angle approval based on cost estimates obtained from 31/32 MCU or based on past airlift costs, after necessity angle approval & a letter of authority issued to 31 MCU/32 MCU. 31 MCU /32 MCU will follow normal purchase procedure by inviting quotes on limited Tender basis. In case final

despatch cost is equal to or less than the necessity angle cost, the letter of authority is to be treated as expenditure angle approval, otherwise the case is to be referred back to the Dte at Air HQs for enhanced sanction.

(ii) 31 MCU/ unit designated in the proposal will undertake despatch to abroad on instruction of concerned directorate who is to ensure that the required funds are available with him. In the case of despatches from abroad the nominated C & F agent, by MOD, if any, may be made responsible to co-ordinate despatch if the cost of C&F agent is reasonable.

6. **Paying Authority And Mode Of Payment.** Payment for the freight charges will be made in following manner: -

(a) On receipt of arrival notice of consignment from carriers intimating the amount to be paid on account of freight charges Contingent Bill is to be raised in quadruplicate by OC of MCU. The Airway Bill Number/House Air Way Bill/Flight Number date and name of the agency alongwith amount payable on account of freight is to be mentioned on the Contingent Bill. On receipt of Contingent Bill alongwith copy of arrival notice Accounts Officer is to register the bill and issue cheque in favour of the carriers. The shipping documents i.e. Airway Bill/ House Air Way Bill and Cash receipt issued by carrier are to support the Contingent Bill.

(b) **Payment Of Other Charges.** Payment of other charges like custom duty, allied charges etc will be made as per AFO 11/98.

7. **Documents/Details to be submitted For Annual contract**

At Necessity angle stage

(a) Details of destination selected & reasons for selection of the destination (based on past and/or anticipated turn over)
(b) Rates of any reputed airline like Air India to each of these destinations.
(c) Draft Tender document.
(d) List of firms from whom offers would be sought & basis of selection of vendors.

At expenditure angle stage

(e) Comparative statement of offers, after their receipt.
(f) Draft contract document (at expenditure angle stage).

8. **For Piecemeal consignment (Necessity and expenditure angle).**

(a) Contractual obligation on which despatch is to made / reasons for despatch.
(b) Volume & weight of consignment involved.
(c) Destinations involved.
(d) Cost estimate either based on estimates from 31/32 MCU or previous despatches.
(e) Confirmation on availability of Budget
(f) Draft letters of authority.
(g) Documents elucidating increase in cost in case of enhanced cost sanction

9. **Check list for IFA & CFA**

(a) Are destinations selected in consonance with existing/anticipated turn over for inclusion in Annual contract ?

(b) Does the Tender document (at necessity stage) & contract document (at expenditure stage) safeguard the IAFs interests ?

(c) Are the contract rates being finalised inconsonance with existing market trends ?

(d) In case of piecemeal despatchs

(i) Is the despatch as per a contractual obligation.

(ii) Are prices (Cost estimates) quoted reasonable ?

(iii) Are funds available to meet the requirement ?

10. **Time limits for processing of the proposal**

(a) Financial scrutiny at necessity angle stage for contracts	7 working days from date of receipt
(b) Floating of Tenders	7 days after CFA approval from Necessity angle
(c) Submission of case for expenditure angle approval	10 days after receipt offer
(d) Financial scrutiny after expenditure case angle approval	7 days from receipt of
(e) Financial scrutiny of piecemeal cases	5 days from receipt of the case

10 A. **Post Contractual** as covered Para 5(b) and Para 6 (a) above.

11. **References**

AFO 3/97	-	Management chartered flights
AFO 11/98	-	Custom duty payment

APPENDIX "A"
Refers to Para 4

(e)

FREIGHT CHARGES PAYMENT REGISTER

SI No.	External Issue Voucher No & period	Particulars of consignment	Name of Airlines to whom payment made	Particulars of Bill No & Date	Amount Rs. P.	Date paid	Cash Account Voucher No	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

APPENDIX 'B'
Refers to Para 5 (a) (i)

DRAFT LETTER OF INVITATION FOR TENDER ENQUIRY FOR AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

Tele: ------

Directorate of ---
Air Headquarters
New Delhi ----

Air HQ/

INVITATION TO TENDER
TENDER ENQUIRY NO. AIR HQ/-----

Dear Sir/Madam,

1. Enclosed please find tender documents for Air Transportation of Cargo to abroad.

2. On behalf of the Purchaser i.e., President of India, I invite tender from reputed and reliable cargo agents' from/to destinations as given in Annex-B.

3. EARNEST MONEY DEPOSIT: The tenderer will be required to deposit Earnest Money of Rs. ---- in the form of Demand Draft along with offer, in favour of AIRFORCE PUBLIC FUND ACCOUNT, AIR FORCE STATION, ----------.

4. Sealed tenders should be dropped in the tender box marked " DTE OF -------" kept near the reception office in the entrance of the Air HQ, ----------, New Delhi -110011. The quotations are to be submitted in two sets in different envelopes. The first set marked 'PRE-QUALIFICATION' bid should contain the technical bid, capacity verification certificate and commercial terms without price. The second set of quotation marked 'COMMERCIAL BID' should contain details of the rates another commercial terms and conditions. Last date for submission of tenders is 12 Jul at 1500 hrs IST. The sealed quotations will be opened in public on 12 Jul 2000 at 1530 hrs. Your representative should be in possession of an authority letter of your firm in case he or she is attending the tender opening. In case due to any exigencies, the due date for opening of the tenders is declared as closed holiday by the Govt, the tenders will in such case be opened on next working day at the same time. No responsibility will be taken for postal delay/non delivery/ non-receipt of tender documents. Late/delayed, Fax/Telex/Telegraphic tenders without complete document details shall not be considered. The decision of the IAF shall be final and binding on all parties. Offers should be kept open for at least 120 days after the tender opening date. Both the sealed envelopes are to be clearly marked **'PRE QUALIFICATION BID' OR 'COMMERCIAL BID' (AS APPLICABLE) ALONG WITH TENDER ENQUIRY NO. FOR TRANSPORTATION OF DEFENCE CARGO BY AIR (DIRECTORATE OF ----------) TO BE OPENED BY THE ADDRESSEE ONLY.**

5. All the following documents attached herewith, duly filled in and signed on each page must be returned along with your tender, failing which your tender may be ignored:-

(a) Annexure A -Terms and conditions and instructions to tenderers
(b) Annexure B -Schedule to Tender -List of destinations
(c) Annexure C -Covering Letter of Tenderer
(d) Annexure D -Security Deposit

Director -----

Annexure 'A'
Refers to Para 5 of Appendix 'A'

DRAFT TENDER ENQUIRY FOR AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

TENDER ENQUIRY NO:-AIR HQ/--------

TENDER DOCUMENT:TERMS AND CONDITION INSTRUCTION TO TENDERERS

1. Whereas the Indian Air Force dispatches various kind of goods by Air from/ to destinations and is in need of a cargo agent to arrange for the collection, forwarding and airlift of said goods. The agent should be recognized by various airlines as cargo agent (documentary proof to the effect should be attached). The agent should be presently carrying out the business as airfreight agent.

2. **Defination**. The following expression shall have the meaning as defined unless where the context require otherwise

(a) **Establishment**. Shall mean Air Hq and its attached offices and its subordinate offices which shall be the user of services provided under proposed contract and paying authority.

(b) **Overseas Associate**. Associate of the agent

(c) **Purchase order/contract**. Any purchase order/contract concluded by establishment in favour of supplier abroad.

(d) **Consolidation.** Activity performed by the agent to have weight advantage before booking the cargo for airfreighting.

(e) **Master Airway bill (MAWB).** The document issued by airlines certifying the receipt of cargo for carriage.

(f) **House Airway Bill (HAWB).** Document issued by agent/associates certifying receipt of cargo for on carriage for each individual shipment and an accepted negotiable instrument as per LC's to be opened by the establishment.

(g) **Delivery order**. Document issued by the agent in enabling establishment to process and take delivery of the cargo from customs.

(h) **Letter of Credit.** Letter of credit established by the various establishment to recognise bankers specifying acceptance of HAWB No of overseas associates for negotiations beside other usual clause.

3. Duration. The agreement after finalisation shall remain in force for a period of one year from the date of conclusion of contract. The agreement may however be terminated at any time by the government by giving one-month notice to the agent in writing.

4. Scope.

(a) The scope of the contract is to arrange the collection, forwarding and air lifting of export consignment from order to destination given at ..... The approximate turnover the contract is Rs..... per annum.

(b) On the basis of the instructions given in the relevant document of the establishment/integration by CO 31MCU for dispatches ex New Delhi/integration by CLO ..... For dispatches ex ....., the agent is to make advance arrangement to book the consignment promptly. The agent is to check the relevant document/intimation by CO 31 MCU for dispatches ex New Delhi/intimation by CLO..... for dispatches ex ..... that all the consignment/packages received for onward dispatches give requisite information, particularly in regard to following before dispatch.

(i) Weight
(ii) Case marking
(iii) Contract No
(iv) Airport of destination

(c) The agent should arrange airfreight of the consignment to the nominated airport abroad. In the consignment is over dimensional or hazardous suitable original should accordingly be made. The airfreighting should be arranged between a period of three working days and not more than seven days from the date of receipt of cargo and the concern document fully completed in all respect.

(d) The agent should ensure that consolidation of air cargo is done under the correct IATA classification. For any delay in dispatch beyond seven days, agent shall pay to the establishment of penalty of 1 percent of the airfreight charges for every day of such delay except in force majure situation. For this purpose, the delay will be recond between the date of HAWB (house airway bill) and the MAWBs (master airway bills), both days exclusive.

(e) Cargo is to dispatched from airport New Delhi/ ..... to ultimate destination abroad without any inter country transfer. The agent shall furnish the tenth of every following month to establishments a monthly statement of consolidated shipment dispatch details. The agent will ensure that necessary dispatch documents are prepared as per instructions given in relevant document/intimation by CO 31 MCU for dispatches ex New Delhi/intimation by CLO -- -- --for dispatches ex -- -- -- and arrange to dispatch will set of documents to the consignee for the purpose of clearance of consignment by consignee. The agent will also promptly advise concerned consignee by fax, flight details, MAWB and HAWB particulars with other relevant informations. The agent will keep concerned establishment/consignee posted with all information regarding readiness of the consignment for despatch, expected date of dispatch and other allied information.

(f) The agent shall be responsible and accountable for proper safety, care handling and storage of goods while in the custody up to the airport of destination and the cost of insurance affected in that behalf will be borne by the agent. It is the responsibility of the agent to ensure that all the cases received by him for IAF are properly packed. The agent is not to accept damaged cases and/or improperly packed items. The agent will

exercise all reasonable care and precaution in conveyance and handling of stores including transhipment if necessary. Agents a reliable to the establishment for any loss or damage to, or destruction of the goods while in their custody or enroute.

(g) In case of non-receipt/shot delivery at the destination, the agent shall obtain non-delivery/shot landing certificate from the carrier and pass on the same to the concerned consignee for preferring necessary claim/compensation.

(h) Any demurrage paid by the consignee on account of the delivery of requisite documents or error in the same will be to the account of agent and will be recoverable from them.

(j) To enable the agent to render the services stated above, the establishment will provide to agent copies of relevant document/intimation by CO 31 MCU for dispatches ex New Delhi/intimation by CLO -- -- -- for dispatches ex -- -- --.

(k) Agent will ensure the safe/secrecy of the goods/information which may be imparted to the agent during the course of rendering of their services as a freight forwarding agent. The shall not inform or part with any information with regard to the cargo to any person under any circumstances and fulfil their duties diligently and trust fully. Agents will pay freight initially to airlines and summit bills to the establishment.

5. Maximum permissible volume in terms of length X breadth X height is to be specified.

6. In case of charter of the air crew from New Delhi/-- -- --, the aircraft is to pick up load from air force technical area (31MCU), Palam New Delhi/-- -- -- airport. Ground equipment and cargo handling equipment is the responsibility of carrier.

7. List of airline being dealt with by the company and certification/proof thereof is to be submitted. List of government departments/organisation for whom they are already having a contract or having regular dealing is also to be submitted with necessary proof.

8. Tenderer should have its own infrastructure in terms of officers, warehouses, manpower, vehicle, special handling equipment etc and should not be dependent on other agencies as far as possible. He should furnish the following details of the infrastructure: -

(a) Headquarters Station
(b) Branch office Station
(c) Warehouse location
(d) Manpower
(e) Number of vehicles
(f) Special handling equipments
(g) The name and address of their bankers
(h) Copy of latest income tax clearance certificate
(j) Other information related to their experience and status

9. The rates quoted should be all inclusive and will be f form and fixed during the currency of contract.

10. All commercial proposals including delivery terms will be as per INCO Term 2000.

11. Insurance is the responsibility of carrier. Liability of the carrier in case of loss or damage to equipment to be indicated clearly.

12. DGCA clearance to be taken by the carrier itself for chartered aircraft.

13. Only the contract concluding authority is empowered to alter/modify any provisions in the contract with mutual consent.

14. Arbitration Clause. All differences, questions between parties concerning the subject matter of the proposed contract or their representative right, duties of liabilities under or in respect of contract (the decision where if, is not sufficiently provided for in the contract shall be returned to the sole arbitration of assistant chief of their staff (LGS) air headquarters, Indian air force or an officer appointed by him as an arbitrator whose decision shall be final and binding on the parties.

15. Payment Terms. The bills duly supported by all the relevant/specified document will be submitted to CO 31 MCU, AF Palam/CLO----.. The bills will be scrutinised/vetted for completeness in all respect and thereafter payment will be made to the cargo agent.

Annexure 'B'
Refers to Para 5 of Appendix 'A'

SAMPLE SCHEDULE OF TENDER FOR AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

SCHEDULE TO TENDER
TENDER ENQUIRY NO. AIR HQ/-----
LIST OF DESTINATIONS

Due date and time for submission of Tender: ------(date), -----(time) hrs IST
Due date and time for opening of Tender: -------(date), -----(time hrs IST

Originating Airport	Destination Airport
(a) New Delhi	Ukraine: Kiev, Zaporozhye, Lviv
(b) New Delhi	Lithuania: Vilinus, Kaunas
(c) New Delhi	Bussia: Moscow, Rostov, St Petersburg, Kazan Perm, Irkutsk
(d) New Delhi	Latvia: Riga
(e) New Delhi	Italy: Rome
(f) New Delhi	Uzbekistan: Tashkent
(g) New Delhi	Romania Bucharest, Bacau
(h) New Delhi	Poland Warsaw, Bydgoszch, Poznan
(j) Chandigarh	Ukraine: Kiev, Zaporozhye, L viv
(k) Chandigarh	Russia: Moscow, Rostov, St Petersburg, Kazan Perm, Irkutsk

NOTE: Quotations are invited for the Charter of AN 32, AN-12, IL 76 and AN-124 NC as well as Piece Meal Cargo to the destinations mentioned above. Quotes are also invited for piecemeal consignments ie Rate per Kg. It is considered that 6000 Cu. C Mtr is equivalent to one Kg.

ANNEXURE 'C'
Refers to Para 5 of Appendix 'A'

SAMPLE COVERING LETTER OF TENDERER FOR TENDERS OF AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

COVERING LETTER OF TENDERERS
TENDER ENQUIRY NO:- AIR HQ/---------

Tender No. Air HQ/--------

Address

Full Name and address of the Contractors/
tenderer in addition to post Telegraphic
box quoted in all communication to this office

Telephone No

To

DIRECTOR OF ---------
AIR HQ, -----
NEW DELHI, Pin ---------

Sir,

1. I/We hereby offer to provide the services detailed in the schedule hereto or such portion thereto as you may specify in the supply order at the price given in the said schedule and agree to help this offer open till I/We shall be bound by a communication of acceptance despatched within the prescribed time.

2. I/We have understood the instructions to tenderers and conditions of contract delivered and the nature of services required and our offer is strictly in accordance with requirement.

3. I/We following pages have been added to and form part of this tender

Yours faithfully,
(Signature of Tenderer)
Address

Place: -
Date: -

signature of witness
Address: -

ANNEXURE 'D'
Refers to Para 5 of Appendix 'A'

SAMPLE INSTRUCTIONS TO TENDERER FOR SECURITY DEPOSIT IN CASE OF TENDER FOR AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

TENDER NO. AIR HQ/----------
SECURITY DEPOSIT

1. Every contractor shall pay security deposit of Rs--- lakhs within 21 days of the receipt of acceptance of tender failing which the Contract Concluding Authority Purchase may cancel the contract and conclude contract with other contractor at the risk and cost of the Contractor and subject to such other remedies as may be open to the Contract Concluding Authority.

2. The security deposit should be in any of following approved forms :-

(i) Demand Draft

(ii) Treasury Receipt

(iii) Government Promissory Notes issued by the Government of India or by any of the states in the Union of India.

(iv) National Saving Certificates.

(v) Bonds/Security Certificates issued by and under the authority of Central/State Government.

(vi) Bank Guarantee in the prescribed form and format from a schedule Commercial Bank.

3. The securities at Para 2 (i) to (vi) when furnished should be, in favour of endorsed/transferred/ pledged, as the case may be, in the name of President of India through Director Of ---, (address), New Delhi----.

Note: -Government securities issued by the Government of India or any of the States in the Union OF India shall be accepted at 5 % below the market price or the face value, whichever is less.

4. Bank Guarantee for security at item 2 (vi) should be given on the prescribed form. The Bank Guarantee and other documents if any, must be signed by an officer of the bank who has authority to bind the bank and the amount shown in the guarantee, and must be within the limit approved by the Reserve Bank of India. Bank guarantees should be made out in favour of president of India. The said Bank Guarantee shall be kept valid up to the last date duration of the contract.

5. No claim shall lie against the Cargo Agent in respect of interest if any, due to Security Deposits or depreciation in value. In the case of Bank Deposit Receipt, the Carrier shall not be responsible for any loss that may result on account of the failure of the Bank.

6. If the Cargo agent fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the Contract Concluding Authority to forfeit either in whole or in part the security deposit furnished by the Cargo Agent. Save as aforesaid if the Cargo Agent duly performs and completes the contract in all respects and presents an absolute "NO DEMAND CERTIFICATE" in the prescribed form the Contract Concluding Authority shall refund the security deposit to the Cargo Agent after deducting all costs and other expenses that the Contract Concluding Authority purchaser may have incurred along with all dues including all losses and damages which the Establishment is entitled to recover from the contractor.

(Signature of Tenderer)
Address

Place :
Date:

Signature of witness
Address

APPENDIX 'C'
Refers to Para 5 (a)(i)

SAMPLE CONTRACT FOR AIR TRANSPORTATION OF CARGO TO/FROM ABROAD

HEADANDUM AND PREAMBLE

This agreement is made on this -- -- -- day of the ---- between the President of India,, represented by the director (ordnance) to the government of India, Ministry of Defence, New Delhi (hereafter referred to as the government) on one part and M/S -- -- --, the company incorporated under the company act having its registered office at -- -- -- (hereafter referred to as 'Agent') which expression shall whenever the context so required or admit, mean and include its successor and assigns of the other part.

Preamble

Whereas the government imports for its establishments situated at Bombay, Delhi, -- -- -- various kinds of goods by air from ---, ----,---- and is in need of an agency to arrange for collection, forwarding and air lift of the said goods.

Whereas agent and the foreign associates as listed in Schedule------ are members of the IATA and are recognized by various airlines as air cargo agents.

Whereas agent and their overseas are carrying on their business as freight agents all over the world and whereas agents and their overseas associates have offered to render the required services to the government.

Definitions

In this agreement, the following expression shall have the meaning as here in after defined unless where the context requires otherwise.

Agreement

This agreement having **reference** number -- -- -- together with schedule --- to -- -- and annexure --- to --- inclusive of amendments if any agreed to by both the parties and made according to provisions of this agreement.

Clause

Any clause of this agreement of sub clause with seParate marginal number as referred to anywhere in the wording of this contract or its annexure.

Annexure

Any Annexure to this agreement.

Establishment

Shall mean Army Headquarters, Naval Headquarters, Air Headquarters and CDA headquarters with their attached offices and subordinates offices which shall be users of services provided under this agreement and / payee authority.

Overseas Associate

Associates of the -------, who will perform consolidation/airlink operations at originating Stations as per the names and address listed in schedule -- --.

Purchaser orders

Anypurchase order issued by establishment in favour of supplier abroad.

Consolidation

Activity performed by foreign associates to have weightt advantage before booking the cargo for airfreighting.

IATA

International Air Transport Association.

Master Airway Bill (MAWB)

The document issued by airline certifying receipt of cargo for carriage.

House Airway Bill (HAWB)

Document issued by foreign associates certifying receipt of cargo for on carriage for each individual shipment and an accepted negotiable instrument as per LCs to be opened by establishment.

Delivery Order (DO)

Document issued the agent enabling establishment to process and take delivery of the cargo from customs.

Gateway Airport
Airport abroad from where the consolidation rates are effective.

Rates
Shall mean to be charged for air lifting of consignment from gateway airport to various destinations in India as per annexure -- -- to -- --. These however do not include any statutory charges laid by AAI/airlines.

FOB

Free-onboard on aircraft at named airport according to international rules for interpretation of trade terms published by International Chambers of commerce (Inco term edition 2000).

Letter of credit

Letter of credit establish by various establishments through recognised bankers specifying acceptance of HAWB of overseas associates for negotiation beside other usual clause.

Dangerous goods(DGR)

Article or substances which are capable of posing a significant risk to health, safety or property when transported by air and which are so classified.

Charges Collect Fee (CC Fee)

As per IATA clause 4.6 charges collect fee shall mean a fee levied from the consignee on applicable percentage and minimum amount as listed in a Para -- --.

For destinations in India as per clause -- --, charges collect fee is recoverable at 1.45 percent of the flight amount subject to minimum of USD -- -- per consignment which is payable over and above the flight amount.

Over Dimensional Package (ODC)

When the size of the package exceeds the standard pallet (PIP) dimensions, which are given below, they will termed as ODC:

Length 121 inches, width 84 inches, height 60 inches, Max weight gross 4626 Kg that weight 4508 Kg, floor load limitations 90.7 Kgs/Sq Ft.

Duration

The agreement shall remain in force for a period of two years from the date of signing this agreement with an option to the government to extend it for a further period of two years on the same terms and conditions by giving two months notice, in writing by the government. The agreement may, however, be terminated at the time by the government by giving three months notice to the agent in writing.

Effective date of agreement

The agreement shall become effective from -- -- day of the months of -- -- of the year -- --.

Scope of agreement

The agreement provides to arrange for the collection, forwarding and air lifting of import consignment from various destinations abroad.

During the continuance of the agreement, agent and their associates shall render the following services to the government.

On the basis of the instructions given in establishment purchase order/LC, contact the suppliers abroad and regularly progress/chase the order and make advance arrangement to book the consignment promptly.

Check with reference to relevant purchase order that all the consignments/packages received for onward transmission, give requisite information, particularly in regard to the following before despatch.

(a) Weight

(b) Mark and number on the parcel/cases

(c) Purchase order number and release notice number

(d) Mode of transport

(e) Airport of destination mentioned.

(f) Whether FOB/ex works

(g) Over dimensional packages needing special handling arrangement in India.

Arrange airfreight of consignment to the nominated airport in India by air India flight only. If consignment is over dimensional or hazardous or has to be airlifted by an airlines other than air India due to special circumstances, prior approval of the concerned establishment should be obtained.

The airlifting should be arranged within a period of three working days are not more than seven days in case of UK and with in seven days from the other gateway airport from the date of receipt of the cargo and the connected documents fully completed in all respect. Urgently required consignments will be dispatched under specific instructions of the establishment immediately by the first available flight of air India. In case of establishment is not prepared to wait for the first available flight of air India, they will give specific instruction that first available flight of any other airlines will be utilised. The consignments will accordingly be forwarded. Bills for such cargo will be raised seParately linking with instructions given by the establishment. Charges for this will be admissible on the basis of Master Airway Bill, copy attached to the claim.

It shall be ensured that consolidation of air cargo is done under the correct IATA classification.

For any delay in despatch beyond seven days reffered here in above, agent shall pay to establishment a penalty of 1 percent of the airfreight charges for every day of such delay except in the force majeure situation. For this purpose, the delay will be reckoned between the date of HAWBs (House Airway Bills) and the MAWBs (Master Airway Bills), both days inclusive. After arrival at the destination airport, braek bulking should be done within a period of three days subject to the delays due to circumstances beyond their control such as airline handling delays, holidays, industrial disputes and/or other procedural delay involving customs/domestic airlines/ground handling agent. In case of international airport at New Delhi and Bombay, the break bulking should be generally completed within 24 hours in case of New Delhi and 48 hours in case of Bombay, subject to delays due to circumstances beyond their control as listed above.

Cargo is to be dispatched from gateway airport of the country or origin of goods to ultimate destination in India without any inter country transfer.

Agent shall furnish by 10th of the following month to the establishments and monthly statement of consolidation shipment and urgent cargo received/dispatched separately as per proforma at schedule -- --.

Ensure that necessary dispatched document are prepared as per instructions given in purchase order and/or letter of credit and arrange to despatch one set of documents with commercial invoice and the suppliers along with the consignment for the purpose of clearanee at the airport of destination in India.

Promptly advise the concerned establishment by telex, flight details, MAWB and HAWB particulars with other relevant information.

Keep concerned establishment posted with all information regarding readiness of the consignment for despatch, expected the to despatch and other relevant information.

Shall be responsible and accountable for the proper safety, care, handling and storage of the goods while in their custody upto the airport of origin and the cost of insurance affected in that behalf be borne by the agent. Agent's shall be liable to compensate to the government for any loss or damage to, or destruction of the goods while in their custody. The compensation herein shall, however, be limited to the value of the goods. In the event of loss or damage to the goods after they have been interested by them to airlines for carriage, the liability in any shall be that of the airline.

Shall on receipt of consignments of establishment at the destination, obtain delivery orders by paying the freight amount and handover the delivery orders to the establishment normally within a period of 1 working day but in any case not exceeding three days, to enable them to obtain speedy clearance of goods at the airport. In case of non receipt/short delivery, the agents shall obtain non delivery/short landings certificates from the carrier and pass on the same to the concerned establishment. Any dummarage paid by the consignee on the account of delayed delivery of requisite documents or errors in the same will be the account of M/S -- -- and will be recoverable from them.

To enable the agent to render the services stated at -- to --, the establishment agrees to send to agent/their associate, copies of individual orders for goods placed on the suppliers. Establishment purchase order will clearly stipulate the name of the agents overseas associate authorised to collect consignment on behalf of establishment for on ward air freighting to India. Establishment purchase order as well as letter of credit will have a clause stating that agents overseas associate HAWBs are accepted for negotiations and proof of despatch.

Agent and their associates shall ensure to maintain the safety/secrecy of the goods/information which may have been imparted to the agent or their associates during the course of rendering their services as a freight forwarding agent. They shall not Inform or part with any Information In regard to the cargo to any person under any circumstances and fulfill their duties diligently and trustfully.

RATES

For rendering all the various services mentioned above. the rates will be as per Annexure --- to ----.

It shall be the duty of the Agent to ensure that in not a single case, the Agent charge to the Establishment any amount which is higher than the prevailing IATA rate so that in all the cases, savings accrue to the establishment by making use of consolidation service. To ensure its compliance, the Agent shall submit a list every six months In the proforma enclosed, giving details or freight charged as also Its comparison with the current IA TA rates after reconciling the same with respective user units (Schedule-III)

Agent will pay freight initially to the Airlines and submit bill/claims to respective Establishment as per contract rates. Establishment win not make advance payments. However, It Is promised to settle all the airfreight bills within 30 days from the date of receipt of the bills by the Establishment. All payments made under the Agreement shall be in Indian Rupees, as converted from foreign currency at applicable exchange rates notified by Air India from time to time, photo copies of which will be sent to the Establishment by the Agent. The exchange rates prevailing on date on which the cargo landed at the destination port in India will be adopted for payment. For this purpose, Agent shall append to their claims a certificate from Air India indicating the date on which the cargo landed at the destination port in India.

The Establishments' contracts for air shipments from suppliers being mostly FOB Gateway Airports from where Air India flights operate, all charges incurred up to the point of Air Shipment are included In the suppliers Invoices. The Establishment agrees that It will be so stipulated in the Purchase Order. If any supplier refuses or declines liability in part or full in respect of FOB Charges, Establishments shall be responsible for payment or such FOB/Ancillary/Handling charges incurred by the Agents' associates.

In case of Ex-Works supplies. Establishment shall pay the pick-up charge and ancillary/handling and Insurance charges from Ex-Works till the goods are brought to the Agents' Associate's warehouse, as per Annexure 1 to 28. The terms 'FOB AIRPORT and 'EX WORKS' shall be in accordance with INCO TERMS 2000 from time to time.

Further, Establishment agrees to pay to the Agent 'Charges Collect Fee' at the rate of 1.5% of the HAWB freight In respect of 'Charges Collect Shipments. No DO Charges and BB fee of the Agent would be levied.

For orders placed by various Establishments for supplies at different destinations, Agent will raise claims on the concerned establishments placing the orders supported by copy of the relative cargo arrival notice/DO issued to the respective Establishment, which will be settled by the concerned Establishment placing the orders.

In case, wherever over-dimensional packages and articles restricted by IATA are involved, the consolidation rates, as per Annexure- --- to --- will not be applicable and the actual freight paid to the Airline for such goods shall be paid by the concerned Establishment on production of documentary evidence. However, in case DGR consignments can be clubbed in Consolidation, Agent would charge the consolidation freight and one DGR fee for the whole consignment.

In the event of revision of AIRLINE rates, the percentage revision of AIRLINE rates, will be proportionate to the revision in AIRLINES rates and Establishment will be advised of the manner in which such revision has been arrived at. Necessary documentary proof such as notification or letter form Air India would be submitted in case of such revision.

Indian Airlines revisions will not apply for this purpose.

Agent confirms that the Annexure--- to --- represent the lowest rates that are being charged by them to any of their customers for similar services rendered under similar circumstances. Agent further undertakes that any reduction in the rates included in the Annexure --- to ---- as

may be applied to any other customer for whom similar services under similar circumstances are rendered by the Agent will be automatically applicable to the Government.

WEIGHT

For the purpose of calculating the Airfreight, the following provisions which are as per IATA norms will apply:

(i) 6000 cubic centimetres shall be equal to one kilogram.

(ii) Rates will be applied on the actual weight or the measurement unit weight whichever is greater.

(iii) Fractions of Kilogram or units will be charged to the next higher half kilogram.

(iv) As Establishment or their Clearing Agents take delivery of the consignments on receipt of Delivery Order, they will be responsible to check the correctness of weight from the Carrier/Agency that deliver consignments on Its behalf. In case of any differences between the suppliers invoice weight, the actual weight and HAWB weight, the weight indicated by the supplier will be the basis for payment of freight charges.

AREA OF OPERATION

Air Freight arrangements will be made by Agent and their associates on behalf of the Government from -------(countries names) to ----------destination airport in India).

BANK GUARANTEE

As and by way of Security for the due performance or obligation towards Government under this Contract, Agent shall furnish a Bank Guarantee in the form prescribed by Government from a Scheduled Bank for an amount of Rs.-------.

ARBITRATION

In respect of all disputes or differences whatsoever arising between Government and the Agent out of or relating to the construction, meaning and operation or effect of this contract or the breach thereof, the same shall be settled by arbitration in accordance with the directives issued by the Government of India, Cabinet Secretariat O .M .No.53/3/1-84-CAB dated 12th March. 1984 forwarded by Deparlment of Defence Production vide their letter No.59(9)85/DO/11/D1 (PS/COORD) dated the 20th March, 1985 as amended from time to time In regard, to disputes between Public Sector Undertakings.

The Agent is bound contractually to inform all users about any change in their rates as and when they are approved by MOD.

In witness whereof the parties here to have executed this Agreement in the presence of the witness attesting hereunder at -----.(place).

For MINISTRY OF DEFENCE

Signature and seal

for M/S ----------

Signature and seal

APPENDIX 'D'
Refers to Para 5 (a)(i)

SAMPLE CONTRACT FOR TRANSPORTATION OF DEFENCE GOODS ON FULL CHARTER BASIS

CONTRACT NO. Air HQ/----------

CONTRACT FOR TRANSPORTATION OF DEFENCE GOODS ON FULL CHARTER BASIS

PREAMBLE

This contract is entered into on this ---- day of --------- between PRESIDENT OF INDIA represented by Ministry of Defence, New Delhi -110066 on the one part (CUSTOMER) and M/s ---------- (A Government of India Enterprises) an existing Company under the meaning of the Companies Act, 1956 whose ------- Cargo Division is situated at --------, with its Registered Office situated at ---------- on the other part (THE AGENCY) with the following terms and conditions :

1.0 DEFINITION

1.1 The terms "Customer" shall mean the President of India or his successors, assigns in this case MINISTRY OF DEFENCE, New Delhi.

1.2 The term "Agency" shall mean M/s ----------. and shall include their successors, assigns. representatives or any company/sub agency appointed as Sub- Contractor for undertaking the total scope of work of part of the scope of work unless excluded by this Agreement.

1.3 The term "Contract" shall mean this document along with its enclosures and annexure.

1.4 The term "Aircraft" shall mean this document along with its enclosures and annexure.

1.5 The term "Scheduled Departure Time" shall mean the agreed schedules departure times of the Aircraft from and included under clause 13.0 of this contract.

1.7 The value of this contract amounts to USD ------ (US Dollar ----------only) per flight/aircraft.

2.0 SUBJECT OF THE CONTRACT

The CUSTOMER entrusts hereby the AGENCY with the task of transportation by air, customer's cargo In the sector ---------- to ---------- according to the terms and conditions stipulated hereinafter.

3.0 SCOPE

3.1 The AGENCY undertakes to provide aircrafts type IL-76/-------- (type of aircraft) for transporting the Defence Goods/Equipment from -------- as per the mutually agreed schedule at the cost stipulated in Clause 4.1 of this contract.

3.2 The AGENCY undertakes to transport the Defence Goods/Equipment in the Aircraft with utmost safety.

4.0 CHARGES

4.1 An amount of USD -----(US Dollar ----------) per flight is payable to the Agency for the airlift of complete Defence Stores as per the scope and the responsibilities indicated in the contract which considers the normal flying route for --------.

4.2.1 The charges are all inclusive and no extra charges will be payable by the customer.

4.2.2. In case the cargo Is riot ready at the loading point or loading/unloading is delayed due to reasons attributable to customer extra parking charges would be levied and paid by the customer subject to a maximum of 10% of the value of the contract. The customer shall be given an opportunity to submit his comments to the agency within 15 days from the date of receipt of the agencies invoice.

4.2.3 The above amount is inclusive of service tax and other taxes.

5.0 TERM OF PAYMENT

5.1 Payment of the contract value as per clause 4.1 is to be made in Indian Rupees within 30 days on production of relevant documents by the agency to the Air Headquarters, New Delhi. The conversion rates for the purpose of calculations shall be the Bank selling rate on the date of landing of the flight In India.

6.0 LIQUIDATED DAMAGES

6.1 In the event of delay beyond specified 7 days, from the date of communication as given in Para 7.1 or 15.1 as the case may be in providing the aircraft, the customer shall be entitled to recover as compensation for the damages suffered as a consequences of the delays liquidated damages, and not as penalty .a sum equivalent to 0.5% (half percent) of the charges of the aircraft not provided within 7 days, for every day of the delay. The amount of such liquidated damages shall however, not exceed a maximum of 10% (ten percent) of the charges of such delayed aircraft.

6.2 A detailed statement of liquidated damages, specifying the extent to which the aircraft has been delayed and the amount of liquidated damages that the customer considers payable by the agency shall be notified to the agency and the agency shall be given a opportunity to submit its comments to the customer within 15 days from the date of receipt of customer's statement. If the agency fails to issue its comments within this period of 15 days, it shall be deemed to have accepted the liquidated damages.

6.3 The amount of liquidated damages payable to the customer shall be paid by the agency within 30 days from the date of receipt of customer's statement.

6.4 If the agency can establish that the delay is caused by any event of Force Majeure, or is due to any act or omission of the customer I then the agency shall be deemed not to be in delay and no liquidated damages shall apply.

7.0 RESPONSIBILITY OF THE CUSTOMER

7.1 The customer will communicate to the Agency 7 days prior to date of requirement of the aircraft.

7.2 To fulfil the customs clearance formalities for export/import at Airport at --------- and to bear the relevant expenses.

7.3 To deliver the cargo at tarmac of Airport after the customs clearance by the side of the Aircraft at the Airport 24 hours before the scheduled time of departure, so as to give sufficient time for loading without causing any delay in departure of aircraft.

7.3.1 In case the cargo is delivered at a place other than the tarmac of Airport, the relevant additional transportation and other charges would be payable by the customer .

7.4 To provide on hand, the necessary documents other than what Is to be provided by the supplier for Import of cargo.

7.5 Arrange for necessary security clearance for Aircraft/Crew/Agency personnel at -------

7.6 To obtain DGCA permission.

8.0 RESPONSIBILITIES OF THE AGENCY

8.1 The AGENCY will adhere to the schedule intimated by the Customer. The AGENCY will confirm 72 hours In advance regarding date and time of departure of the Aircraft from the originating Airport subject to receipt of all necesS8ry permissions from the customer in hand.

8.2 The AGENCY shall during the terms of this contract at Its sole expense provide the following:

8.2.1 Required number of IL-76 Cargo aircraft for operating at mutually agreed schedule strictly conforming to International Civil Aviation Rules and Acts in force.

8.2.2 Aircraft fuel

8.2.3 Aircraft handling in India

8.2.4 Aircraft hull Insurance

8.2.5 Liability insurance of Standard Hague Convention Insurance

8.2.6 Navigation handling and parking charges

8.2.7 Loading at ----/and unloading at ---------.

9.0 VALIDITY QF THE CONTRACT

9.1 This contract shall come into force from the date first written and signed by both the parties and is valid from the date of signing of the contract till the scope of the contract is completed or up to ------ whichever is earlier.

10.0 CANCELLATION OF FLIGHT

10.1 In case flight is held up due to delays attributable to the CUSTOEMR and/or cancelled by the customer, related charges and fee payable to various authorities will be borne by the CUSTOMER against documentary evidence provided by the AGENCY subject to a ceiling of 10% of value of contract.

10.2 The cancellation charges as above, payable by the CUSTOMER to the AGENCY will be as follows:-

(a) Beyond 72 hours	-	Nil
(b) Between 72 and 24 hours	-	5%
(c) Less than 24 hours	-	10%

10.3 The AGENCY is liable to bear the cost and expenses for all delays excepting these mentioned herein as also the Force Majeure provision and consequent charges thereof that is not attributable to the CUSTOMER.

11.0 INSURANCE

11.1 Insurance will be done by the customer.

11.2 The liability of the Agency is limited under the rules governed under Warsaw Conventions. Agency currently carries liabilities Insurance under the Warsaw Convention.

12.0 TRANSHIPMENT

Transhipment of cargo In between the destination is not permitted except due to Force Majeure. In such case the carrier shall inform the CUSTOMER immediately and perform all necessary procedure to complete the transportation promptly and bear the cost of such transhipment.

13.0 SCHEDULE OF DEPARTURE

13.1 The AGENCY will provide Aircraft for transportation of cargo of the CUSTOMER as and when required by the customer within a period of 7 days, from the date of receipt of written communication.

14.0 FORCE MAJEURE

14.1 Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfilment or for the delayed fulfilments of any of its contractual obligations, if the affected part within 15 days of its occurrence inform the other party in writing.

14.2 Force majeure shall mean fires, floods, natural calamities or other acts such as war (declared or undeclared), turmoil, strikes (as not limited to be establishment of the seller), sabotage, explosions, quarantine restrictions, withdrawal of authorisation needed to operate a flight/flights beyond the control of either party.

14.3 It Is understood and agreed between the parties hereto that the rights and obligations of the parties shall be deemed to be in suspension during the continuance of the force majeure event as aforesaid and the said rights and obligations shall automatically revive upon the cessation of the intervening force majeure event. The period within which the rights and obligations of the parties shall be in suspension due to force majeure event shall not be considered as a delay with respect to the period of delivery and/or acceptance of delivery under the contract or otherwise to the detriment of either party.

14.4.1 Not withstanding the provisions of the Immediately foregoing clauses it is further understood and agreed between the parties hereto that in the event of any force majeure persisting for an uninterrupted period exceeding 6(six) months, either party hereto reserves the right to terminate this contract upon giving prior written notice of 30 (thirty) days to the other party of the intention to terminate without any liability other than reimbursement on the terms provided in this agreement for the goods received.

15.0 SCHEDULING & RE-SCHEDULING

15.1 The Customer shall arrange to obtain permission from the appropriate Authorities in case of postponement or re-scheduling of departure by them. However, the re-scheduled dates shall be informed in advance. The CUSTOMER stipulated at clause 10 shall reimburse actual cost that is incurred by Agency for re-scheduling requested by CUSTOMER

15.2 The AGENCY will be liable to pay such cost of rescheduling/postponement of the departure not attributable to the Customer.

16.0 ARBITRATION

16.1 In the event of any dispute or difference arising out of or in connection with this Agreement, the same shall be settled amicably by mutual consultations or through the good offices of the concerned Agencies. A person appointed by the Ministry of Defence shall refer the unresolved dispute of differences to the Sole Arbitrator. Arbitration shall be conducted in India in accordance with the rules and procedures of the Arbitration and Conciliation Act of 1996 or any re-enactment or modification thereof. The decision of the Arbitrator shall be final and binding upon the parties and the expenses of the arbitrator shall be paid as may be determined by the Arbitrator. The Arbitrator may with the consent of both the parties extend the time for making the Award.

16.2 The Arbitration Proceedings shall be conducted in English Language at Delhi, India.

17.0 APPLICABLE LAW

Indian Law shall govern the agreement and jurisdiction shall lie in the Courts in India.

18.0 RISK ARRANGEMENT

In case the AGENCY fails to keep the aircraft ready for trans-shipment of the cargo at -------- Airport by the scheduled date, subject to Force Majeure, the AGENCY shall make alternate arrangements for re-scheduling the transportation on mutually agreed date, within a period of seven days, in addition to the period of seven days already specified in Clause 7.1 and Clause 15 above. If the AGENCY still could not make alternate arrangements within fourteen days, the CUSTOMER shall make alternate arrangements on its own, at the full risk and cost of the AGENCY.

19.0 OTHER TERMS AND CONDITIONS

19.1 The present contract can not be cancelled in unilateral order by way of the parties.

19.2 In case one party wishes to cancel the present contract it is to inform the other party in written form. The terms of contract cancellation are to be determined by both parties on the basis of existing obligations on this contract signed as well as obligations to be fulfilled.

19.3 The present contract is made out in English, signed in 2(two) originals, one for each party, both texts equally valid and enters into force on the date of its signature and shall remain in full force and effect till the respective obligation of the parties have been complied with or up to ------ whichever is earlier.

20.0 INTERMEDIATERY

20.1 The parties :agree upon the following:-

20.1.1 The AGENCY confirms to the CUSTOMER that the AGENCY has not engaged any individual or firm whether Indian or Foreign whatsoever, to intercede facilitate or in any way to recommend to the Government of India, or any of its functionaries, whether officially the award of the contract to the AGENCY. Nor has any amount been paid or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The AGENCY accepts that, if it is established that the present declaration is in any way incorrect, and if at any later stage it is discovered that AGENCY has engaged any such individual/firm, the AGENCY will be liable to pay the similar amount to the CUSTOMER for engaging such Individual/firm and making the payment as commission. In addition, the AGENCY will also be debarred from entering into any contract with the Ministry of Defence, Government of India for a minimum period of 5 years. The CUSTOMER shall also consider cancellation of the Contract without any entitlement of compensation to the AGENCY will shall also be liable to refund all payments made by the CUSTOMER in terms of the Contracts along with the interest at the London Inter Bank Offer Rate (LIBOR).

21.0 PENALTY FOR USE OF UNDUE INFLUENCE

21.1 The AGENCY undertakes that he has not given, offered or promised to give, directly or Indirectly any gift. consideration, reward, commission, fees, brokerage or inducement to

any person in service of the CUSTOMER, or otherwise in procuring the Contract or forbearing to do, or for having done or forborne to do any act in relation to the obtaining, or execution of the Contract or any other contract with the Government for showing, or forbearing to show favour or disfavor to any person in relation to the Contract, or any other Contract with the Government. Any breach of the aforesaid undertaking by the AGENCY or anyone employed by him or acting on his behalf (whether with or without the knowledge of the AGENCY) or the commission or any offence by the AGENCY or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1947 or any other Act enacted for the prevention of Corruption shall entitle the CUSTOMER to cancel and all or any other contracts with the AGENCY and recover from the AGENCY the amount of any loss arising from such cancellation. A decision of the CUSTOMER or his nominee to the effect that a breach of the undertaking has been committed shall be final and binding on the AGENCY. Giving or offering of any gift, bribe or inducement or any attempt to any such act on behalf of the AGENCY towards any officer/employer of the CUSTOMER or to any other person in a position to influence the decision of the CUSTOMER, directly or indirectly or any officer/employee of the CUSTOMER for showing any favour of relation to this or any other contract, shall render the AGENCY to such liability, penalty as the CUSTOMER may deem proper, including but not limited to termination of the Contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amount paid by the AGENCY. However, this clause will remain in full force and effect till the respective obligation of the party have been complied with or up to -------(date) whichever is earlier.

22.0 LEGAL ADDRESSES OF THE PARTIES

AGENCY:

M/S ----------
Full Address
CUSTOMER:
MINISTRY OF DEFENCE , AIR HEADQUARTERS
NEW DELHI-110011

Done in New Delhi on the ---- date of ------.

FOR AND BEHALF OF
M/S ----------
India

Signature & seal

FOR AND ON BEHALF OF
The President of the Republic of

Signature & seal

APPENDIX 'E'
Refers to Para 5 (a) (i)

AFO 3/97

AIR FORCE ORDER

BY

AIR CHIEF MARSHAL SK SAREEN PVSM, AVSM, VM, ADC

CHIEF OF THE AIR STAFF

AIR HEADQUARTERS
NEW DELHI, Saturday 29-3-97

HANDLING OF CHARTERED FLIGHTS AND IMPORT CARGO

Introduction

1. Until 1994 the IAF was undertaking shipment of bulk of its cargo through Emb HQs. Air transportation, having established itself as an economic and expeditious mode, the IAF is now receiving and despatching most of the cargo from Russia by air in chartered aircraft. To ensure speedy clearance and loading/off loading of the cargo, it has been decided to laydown instructions for the various agencies involved in the handling of the chartered aircraft and the cargo to and fro Ex-India.

Aim

2. The aim of this directive is to laydown instructions for all the agencies involved in handling of the chartered aircraft so that export/import of IAF cargo is carried out expeditiously. The directive covers only the major activities in abroad spectrum perspective and needs to be expanded into more specific details by Command HQ to cater for special requirements at the unit level.

Handling of Chartered Aircraft Agencies Involved

3. The agencies involved in the task are :-

(a) Maintenance Directorates at Air HQs i.e. the Indentor.
(b) Consignor.
(c) Aircraft/cargo Handling agents at despatching and receiving airport.
(d) Base/Unit at which aircraft is parked for off-loading/loading.
(e) MCUs/Units handling cargo.

Actions Required to be taken by Various Agencies

4. **Air Headquarters Maintenance Directorates**

(a) Dte/Maint Cell entering into a contract with consignor abroad is to decide the mode of transportation and is to complete the procedure of chartering aircraft including sanction from MOD and release of funds from the CFA.

(b) On confirmation of flight, the concerned Dte/Maint Cell is to obtain security and intelligence clearance for the aircraft, crew and representatives of handling agency to enable them to operate in Air Force area.

(c) Pass all relevant details of information to the concerned MCU and handling agency, along with the required documents.

(d) Instruct the handling agency for carrying out immigration, custom and other formalities on arrival and departure of the flight, and to liaise with MCU for off-loading and ground handling facilities as required.

(f) All Dte/Maint Cells entering into a contract with foreign Companies are to apprise them to use the services sof consolidating/despatching agent designated by GOI MOD for handling of cargo at despatching and receiving airports.

Action by Command HQs

5. Command HQs are to issue comprehansive instructions to cargo handling agencies i.e. MCUs and flying stations receiving the aircraft.

6. The instructions for MCUs should cover the following aspects :-

(a) Security clearance.

(b) Custom clearance of AF equipment.

(c) Loading/Off-loading.

(d) Despatch of consignment to ultimate consignee.

(f) Payments where applicable (e.g. freight to pay).

(g) Inform progress to concerned Maint Cell.

7.. The instructions for Wings/BRDs/Eds receiving the aircraft at places other than 31/32 MCU locations should cover the following in addition to the points covered in Para 6 above :-

(a) Availability of ground handling eqpt.

(b) Parking.

(c) POL.

(d) Starting Trolly.

(e) Transport and accommodation for aircrews and ground crews, if required.

Conclusion

8. Handling of the chartered aircraft is a time bound task. Even a delay of a few hours causes heavy penalties in terms of payment of demurrage, non-utilisation of the aircraft and expiry

of air permits. It is, therefore, necessary that all the agencies involved in the task, complete their actions well in time and achieve the overall aim of clearance of the aircraft and the cargo in the shortest possible time.

Sd/-

(SK Sareen)
Air Chief Marshal .
Chief of the Air Staff

APPENDIX 'F'
Refers to Para 6 (c)

AIR FORCE ORDER

BY AIR CHIEF MARSHAL SK SAREEN, PVSM AVSM VM, ADC

CHIEF OF THE AIR STAFF

No.11/98

AIR HEADQUARTERS

New Delhi, _____, the _____98.

PAYMENT OF CUSTOMS DUTY, GODOWN AND ALLIED CHARGES FROM AIR FORCE PUBLIC FUND

1. The following procedure is to be adopted for the payment of customs duty, Air Freight Charges, godown rent, warehousing charges, unpacking/inspection charges, amendment fees and service charges for handling and loading consignments in respect of Air Force Consignments received by Air.

Custom Duty

2. **Bill of Entry**. On receipt of intimation from the Airlines regarding the receipt of cargo the OC of MCU/Embarkation Unit responsible for clearing the items from the Customs is to submit a copy of bill of entry duly completed. The bill of entry is to invariably reflect the relevant invoice number and date.

3. **Payment Procedure**. On receipt of the above bill of entry the Accounts Officer of 27ED AF/30 ED AF is to issue a cheque crossed "A/c Payee only" in favour of the Customs Authorities or their Accounts Officer (as specified) and hand it over to the OC MCU / Embarkation Unit or his authorised representatives. The OC MCU/Embarkation Unit is to make arrangements for payment of customs duty and for production of following documents to the Accountant Officers :-

(a) Contingent Bill in three copies with the following certificates and informations:-

(i) Certified that the stores on which custom duty has been levied are not exempted from customs duty in accordance with Sea-Customs Act, 1878 and Customs Tariff clause .....

(ii) Certified that stores mentioned in this bill of Entry have been imported by the Central Government for use in Defence Services, Air Force.

(iii) The consignment mentioned on this bill of entry has been taken on charge in Stores Inward Book Register and SIB Number has been quoted on the bill of entry.

(iv) The name of the consignee.

(v) Name of ultimate consignee

(b) Two copies of the Bill of entry with customs duty enfacement.

4. **Exemption from Custom Duty: Air Force Stores.** According to the order contained in Sub Section (1) of Section 25 of the Customs Act 1962 (52 of 1962) the under mentioned stores when imported into India by the Govt. of India Department or a State Govt. or shipped on the order of the Department of Govt. of India or State Govt. and appropriated to such order at the time of shipment or warehoused on Importation and cleared by or under the orders of a Department of Govt. of India or of State Govt and appropriated to such orders at the time of clearance, from the whole of the duty of customs leviable thereon, are exempted from the levy of customs duty:-

(a) Aircraft, aircraft parts, air-craft engines and air craft engine parts.

(b) Jigs and tools for MIG aircraft.

(c) Ground handling equipments for MIG aircraft

(d) Such arms, ammunition and military stores as are dutiable under the First Schedule to the Customs Tariff Act. 1975 (51 of 1975).

(e) The following equipment and stores used by the Defence Services, namely:-

(i) Tools and Gauges which are for use only with ammunition and explosives of service use Ammunition Chemicals; Electric Detonators; Fire Directing and Fire Control Instruments such as Range Finders, Predictors; Platters, Computers, Sights Dial, Signal equipment (Including wireless equipment and component parts thereof, used exclusively by the Defence Service); Test equipments for Radars for Service use, Military Bridging stores and equipments ASDIC & ECHO Sounding equipment: Specialised Cameras for Air Force use, Mines weeping Gear; and Parachute.

(ii) Radar,Torpedoes, Sonar Sets, Mine laying Gear, Driving equipment and their spares. Accessories Jigs, tools, testing equipment and components.

(iii) Spare parts, accessories Jigs, tools testing equipments and components for armoured and specialist vehicles peculiar to the Defence Services.

(iv) Guided weapons and their accessories.

(v) Components, spares, jigs, fixtures, tools, dies, moulds and test equipments required for the manufacture and testing of guided weapons and their accessories.

(vi) Raw materials and special materials required for the manufacture of guided weapons and their accessories.

(vii) Rock drills and breakers.

(f) Hovercrafts and parts thereof.

5. **Refund of Custom Duty**. No custom duties are therefore payable on the Import of stores referred to above by the Air Force. With this end in view arrangements have been made whereby consignments are marked externally to indicate the contents of the package articles, aircraft spares etc. In case, customs duties are paid for any unavoidable reasons on exempted Air Stores, claims for refunds are to-be submitted to the customs authorities within three months of the date of payment. The time limit of three months is to be strictly adhered to as claims over three months become time barred and therefore, cannot be entertained by the customs authorities. Full Particulars of the consignment are invariably to be given on the claims for refund in cash of custom duties. Vouchers for payment of customs duties are to indicate the nature of stores and the RV/CRV Numbers by which the stores were brought on charge should be quoted thereon. In cases where payment of customs duties has to be made to postal authorities while taking delivery of stores which are exempted from customs duties, the Unit is to enter a remark regarding the action taken to obtain refund from those authorities on the relevant voucher. All claim submitted for the refund of customs duties are to be entered in a Register giving full particulars of the consignments, date of raising the claim, cash account particulars of the payment voucher and the date on which refund has been obtained. Progress of refunds is to be carefully watched by the Accounts Officers so as to avoid loss to Defence Services Estimates.

6. **Petty Custom Duty Claims and Refunds**. In case of overpayment of custom duty up to Rs.25 in any individual case no claim for refund is to be made nor any claim upto this amount for short levy of custom duty is to be accepted from Custom Department in any individual case. Also no formal write off action is required in such cases.

Other Charges

7. Godown Rent/Warehouse Charges and other allied Charges. The payments on account of Godown rent/warehouse charges and other allied charges mentioned at Para 1 above are to be made on similar lines as given in Paras 2 to 3 above with the exception that the Bill of Entry need not support the Contingent bill. But instead the contingent bill is to be supported by a receipt from the payee concerned and bear the following certificates:-

(a) The packages have been accounted for in SIB number.....

(b) The payment is final and no refund is permissible under the rules **OR** the payment of Rs..... has been made provisionally and a note has been kept for obtaining refund from ..... vide page number .....(Delete which is not applicable).

(c) Certified that the payment of Rs. .... towards ..... is not due to neglect and the same is sanctioned.

(d) Examination Fee. Package was examined by customs authorities as per Customs Act.

(e) Amendment Fee. The Bill of Entry amended due to .....

(f) Godown Rents:

(i) The goods were received in custom godown on (date) ..... cleared on (date) ..... by custom authorities and received from custom godown on (date) .....

(ii) Reasons for failure to clear within the free period allowed.....

(g) Service Charges for Handling. The Service charges for handling are reasonable and inescapable.

(h) Godown rent/Warehousing charges and other allied charges paid are at prevailing rates and have not already been cleared earlier.

8. **Freight Charges.** On receipt of arrival notice of consignment from carriers intimating the amount to be paid on account of freight charges Contingent Bill is to be raised in quadruplicate by OC of MCU/Embarkation Unit. The Airway Bill Number/House Air Way Bill/Flight Number date and name of the agency alongwith amount payable on account of freight is to be mentioned on the Contingent Bill. On receipt of Contingent Bill alongwith copy of arrival notice Accounts Officer is to register the bill and issue cheque in favour of the carriers. The shipping documents i.e. Airway Bill/ House Air Way Bill and Cash receipt issued by carrier are to support the Contingent Bill.

9. **Booking of Expenditure.** The expenditure on account of freight, warehousing and allied charges is debitable to Major Head 2078, Minor Head 11O(b) 'Aviation Stores(CP) 742/02 and expenditure in respect of custom duty is debitable to Major Head 2078, Minor Head 110(a)-5- "Customs Duty" 742/03. The Vouchers are to be booked under Voucher Head 27B.

10. **Disposal of Contingent Bills.** The disposal of contingent bill is to be as follows:-

(a) Original - To CDA(AF), Dehra Dun along with a copy Bill of Entry/Receipt from Payee.

(b) Duplicate - To OC MCU/Embarkation Unit.

(c) Triplicate - Unit Copy.

11. **Cash Requisition.** The units providing accounting services to the Customs Clearance Formations are to take into account the expenditure likely to be incurred on payment of customs duty and allied charges while forecasting the cash requirements.

12. **Provision of funds at Commands.** Command Headquarters are to ascertain the requirement of funds for payment of customs duty based on past expenditure. The amount so determined is to be annotated on the Cash Requisition, sent to CDA(AF).

13. Positioning of Invoices. The Provisioning Cells are to establish proper liaison with the agencies abroad to ensure that invoices are received by the MCUs in time so that payment of godown rent is reduced to the barest minimum.

14. This is a modified reprint of AFO 680/76, 206/77, 306/77 and 59/78 which are hereby cancelled and issued with the concurrence of CGDA, New Delhi vide their UO No. AT/IX/O/9125/V dated 28 Mar 90.

Case No. Air HQ/25658/3/D Accts/PC3

(SK Sareen)
Air Chief Marshal
Chief of the Air Staff

SCHEDULE: I (G)

SOP: ANNUAL CONTRACT FOR DESPATCHES THROUGH CIVIL COURIERS WITHIN COUNTRY

1. **Schedule**: Para G of Appendix II Part III, Air Force Schedule I. Airlift of stores within the country for finalisation of annual contracts for airlift of stores and despatches through Couriers /speed post on one way or both ways as required basis.

2. **Areas /Ranges Covered** All categories of Air Force stores that are required to be despatched expeditiously in order to meet urgent requirement of service

3. **Occasions When The Power Can Be Used**

(a) For despatch of all types of Air stores when items are to be despatched against AOG/PHU/MCM and other urgent & operational requirements including Cat Ds on AOG.

(b) Contracts entered into should be on one way basis or two way basis from Depot to unit or unit to Depot.

4. **Contract Concluding Authority.** Contracts for hiring civil couriers which will be operated by CLO/SLOs of all units and are to be concluded by Air HQs on behalf of the units of operating units & by HQs MC on behalf of units under it.

(a) Air HQs {DD (MOV)} should conclude contract with a reputed courier having a vast network covering all our Air Force stations centrally. Air HQs & HQs MC are to decide at the beginning of the year their areas of responsibility.

(b) If no contract is concluded by Air HQ, HQMC may conclude contract centrally for all units under HQMC in consultation with IFA. HQs MC is to obtain written clearance from Air HQs before initiating the process.

(c) The financial limits for approval of contract is VCAS/AOM/AOC-in-C HQ MC for Rupees one crore with IFA/CDA concurrence per contract.

(d) Contract would be entered into on an annual basis. Separate zone wise contract can be entered into for each depot/unit.

5. **Necessity Angle Approval For Entering Into Contract**. Depending on the necessity for concluding contracts respective agencies as mentioned above will move the case to IFA for acceptance of necessity, as given below:

(a) ACAS (Lgs) at Air HQ to IFA at Air Headquarters and finally to AOM as CFA.

(b) AOLM to JCDA at Nagpur and finally to AOC-in-C HQs MC as CFA.

6. **Details To Be Forwarded For Acceptance Of Necessity.** The following details are to be forwarded to IFA for obtaining necessity angle approval.

(a) Need for expediency in dispatches to meet operational requirements. Number of likely despatches based on past turnover. Reasons for selection of destination.

(b) Rough indication of expenditure (Basis of expenditure should be indicated).

(c) Nature of items to be despatched & likely destinations.

(d) The case should also bring out the advantages of use of civil courier over other modes of despatches like quick clearance of load. Cost will not be a restraining factor if operational requirement so dictate.

(e) If contract for to and fro despatches is proposed, then advantages is to be brought out in the proposal.

(f) Draft Tender document.

(g) List of firms to whom tenders are to be invited (HQs MC & Air HQs are to register firms on an annual basis by advertising in the major news papers).

(h) Confirmation of Budgetary suopport.

Note :

Procedure to be followed for finalising annual contracts ***Procedure as laid down for finalising annual contracts in IAP1501 chapter 26 and current regulations is to be followed. CVC guidelines are to be adhered to.***

7. **Budgetary Support**.

(a) **Code Head**: The expenditure will be incurred from Major Head 2078, Minor Head 105 (e), LCH 735/00 as per IAP 0152.

(b) **Budget Projection**. Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs. The projection is to be based on past trend of expenditure and future forecast requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ through DMA for the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) **Budgetary Control**: After contracts are finalised all requirements for despatch by Civil Courier are to be committed in the Accounts Section before placing order in order to ensure availability of funds and also to monitor expenditure and to make necessary amendments in the modified appropriation returns that follow. Orders placed for each case will be as per rates finalised in the contract but orders will be placed only after CFA sanction is obtained on per transaction basis as per schedule I (G)

(d) **Paying authority and mode**: The payments will be cleared by the Accounts Officer in the unit, when the bills are submitted along with the contingent bill duly vetted and signed by the Logistics Officer.

(e) Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

8. **Expenditure angle approval.** After necessity angle approval is accorded Air HQs/HQs MC would authorise its units (depots) to float the tenders to firm approved at necessity angle stage. Depots/Units are to float tender, obtain offers in sealed envelopes & ensure public opening as per laid down procedure. Depot/unit are to prepare a CSQ and

forward the complete documents to Air HQs/HQs MC. The draft contract which is to be entered into should be forwarded along with the contract papers. ACAS (Lgs) at Air HQs & AOLM at HQs MC are to obtain sanction of CFA as routing at para 5(a) & 5(b) above. While seeking expenditure angle approval Budget availability should be confirmed. After expenditure angle approval Air HQs/HQs MC is to issue a letter of authority authorising the AOC/CO of the depot/unit to sign the contract. In case a two way contract is entered into the C Lgs O/S Lgs O of both units should be designated as contract operating officers. . Orders against finalised contract will only be placed after obtaining CFA sanction whose powers for each transaction would be as defined in schedule I (H).

9. **Details/Documents to be submitted at necessity angle stage.**

(a) Past turn over & anticipated turn over.

(b) Draft tender document

(c) List of firms from to whom tenders would be forwarded

(d) Budgetary availability confirmation

(e) At expenditure documents.

At Expenditure Angle : documents

(a) Offers received.

(b) Comparative statement of quotes

(c) Determination of L1

(d) Draft contract to be entered into

(e) Budgetary availability confirmation.

10. **Check list for IFA & CFA**

(a) Is the entering into a contract justified for the identified destination ?

(b) Does the tender document guard the IAFs interests adequately ?

(c) Has sufficient competition been ensured?

(d) Are funds available to meet the projected requirement?

11. Time limit for processing the case

(a) Financial scrutiny at Necessity angle stage	10 days from receipt of the case
(b) Floating of Tenders according angle stage	Within 15 days of necessity
(c) Submission of Tender documents to opening of HQs MC/Air HQs	Within 21 days of offer
(d) Submission of documents to IFA & CFA for approval	Within 7 days of approval at Air HQs/HQ MC

(e) Financial scrutiny at expenditure angle 10 days from receipt of the case

12. **Post Contractual Developments** The contract copies are to be distributed to all contract operating Officers and their controlling commands with detailed instructions. Regular feedback is to be obtained from contract operating officer in terms of utilisation and problems faced.

13. **References : Nil**

SCHEDULE-1 H

SOP: ANNUAL CONTRACT FOR DESPATCHES THROUGH SPEED POST/POST PARCELS WITH DEPARTMENT OF POST

1. **Schedule.** **Para G of Appendix II Part III, Air Force Schedule I.**

2. **Areas/Ranges Covered** Dispatch of all Air Force stores through speed post/post parcels (within the weight/dimensions limits allowed by postal department).

3. **Occasions When The Power Can Be Used** For despatch of all types of Air Force Stores other then those which need to be stores escorted, which are to be transferred from one unit to another on a valid voucher and are required to be transferred to meet AOG/MOG/PHU/MCM or justified urgent requirement Normal despatches are to be made by parcel post (refer para 6(b) below).

4. **Contract Concluding Authority.** Since speed post and post parcels are dealt by Post Offices, a government organisation, Air HQ will enter into contract with the postal department. D Stores (DD (MOV) will be the agency to initiate the case and conclude the contract, which will cover maximum possible all the stations within India. The contract may be concluded annually or for a period of two/three years. The unit SLOs/CLOs will operate the contract.

5. **Necessity Angle Approval For Entering Into Contract.** D Stores will initiate the case for concluding annual/two/three years contract with the postal department for despatch of items from one unit to the other through speed post or through post parcels. The case is forwarded to AOM for CFA approval from necessity angle after concurrence by IFA at Air HQ. The following details are to be included in the case :-

(a) Broad Turnover of past despatches through speed post/post parcels and the number of likely despatches & as well as anticipated turnover (approx)

(b) Details of existing contract for speed post despatches, units covered & new units proposed to be brought under this schemes or to be deleted from the scheme.

(c) Actual expenditure incurred in the past 3 years.

(d) Rough indication of future expenditure (to attach estimates from postal department).

(e) Budgetary support/availability.

(f) Broad terms & conditions, limitation & modus operandi to be followed.

6. **Process Of Finalisation Of Contract For Despatches Through Speed Post/Post Parcel.** After the acceptance of necessity, the Director of Stores is to negotiate with the Business development directorate (BDD) of Department of Posts (DOP) and finalise on mutually agreeable terms and conditions. IFA is to be involved during negotiations. Reps of selected units may also be involved in the process. The various components that are to be agreed upon are dimensions of consignment, booking, despatches, delivery, rates, compensations for damages etc.

(a) **Speed Post.** Terms and conditions as agreed to in Air HQ contract No. Air HQ/62119/MOV dated 30 Nov 99 along with amendment dated 15 May 00 and the procedure laid down therein has to be followed. The main features of despatch by speed post is as follows and should be incorporated in the contract.

(i) The contract is finalised under the Book Now Pay Later Scheme (BNPL).
(ii) Dept of Post is to provide free pick up and delivery at Air Force Stations.
(iii) 31 Air Force stations have been provided with this facility. 24 Air Force Stations have been provided with this service through Army Postal Service network. This should be further extended. FPOs should be used to link up where civil post offices are not available.
(iv) The dimensions of item should not exceed 1.50 Mtrs. for any one side and weight can be a maximum of 35 Kgs or as agreed to while formulating the contract. However postal department should be prevailed upon to accept higher weight and bigger dimensions.
(v) Rates are charged according to weight and the distance covered in slabs. Fixed discounts also should be detailed in the contract.
(vi) Compensation is paid by DOP for any delays beyond 24 hrs of the laid down timings.
(vii) Suitable escalation clause is to be incorporated where the increase/decrease in rates, should be related to revision of postal charges.
(viii) Bills will be cleared on a monthly basis within seven days of receipt of bill by the unit S Accts O duly adjusting the compensation to be recovered.
(ix) Based on the discussions the finally agreed draft contract is to be put up to IFA & CFA for approval before it is signed by D Stores. A sample contract is placed at Appendix 'A'. This is to be treated as a guideline and modified based on condition and actual needs.

(b) **Post Parcels.** Based on past turnover D Stores (DD MOV) will enter into contract with DOP for despatches of stores through parcel posts. Separate contract shall be concluded in similar manner as that of Speed Post.

8. In case contract has not been finalized by DDMOV at Air HQ, units can avail these services on a piecemeal basis at the prevalent rates of DOP. Normal procedure for necessity & expenditure angle would be followed with financial powers.

9. **Budgetary Support**

(a) **Code Head**: The expenditure will be incurred from Major Head 2078/Minor Head 105 (e)/LCH 735/00 as per IAP 0152.

(b) **Budget Projection**: Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs. The projection is to be based on past trend of expenditure and future forecasts requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

(d) **Budgetary Control.** All requirements for despatch is to be committed in the Accounts Section before placing order for ensuring availability of funds and also to monitor expenditure and to make necessary amendments in the modified appropriation returns that follow.

(e) **Paying Authority And Mode.** The payments will be cleared by the Accounts Officer in the unit, when the bills are submitted along with the contingent bill duly vetted and signed by the Logistics Officer.

10. Check list for IFA & CFA

(a) It should be ascertained that sufficient turnover/justification exists to provide this service to a particular units.

(b) It should be ensured that IAF interests are safeguarded in the contract proposed to be finalized in terms of timely despatch & compensation in case of delays or damages.

(c) Budget is or would be available to meet this commitment.

11. **Documents/details to be submitted to IFA & CFA**
At necessity angle stage :

(a) Broad Turnover of past despatches through speed post/post parcels and the number of likely despatches & as well as anticipated turnover (approx)

(b) Details of existing contract for speed post despatches, units covered & new units proposed to be brought under this schemes or to be deleted from the scheme.

(c) Actual expenditure incurred in the past 3 years.

(d) Rough indication of future expenditure (to attach estimates from postal department).

(e) Budgetary support/availability.

At contract singing stage: Draft contract and record of negotiations with DOP

12. **Time limit for processing of the case**

(a) **Financial scrutiny at Necessity angle - 3 days of receipt stage by LAO/IFA of the case**

(b) **Financial scrutiny of draft contract - 7 days of receipt by IFA of the case**

13. **Reference** - Nil

APPENDIX 'A'
Refers to Para 6 (a)

TERMS AND CONDITIONS FOR SPEED POST CONTRACT WITH DEPT OF POST

1. **Terms and Conditions**

2. Speed Post Services under the contract will be provided with the following features:
   (a) Booking under BNPL (Book Now Pay Later)
   (b) Free pick-up from and delivery at the premises namely Indian Air Force Stations located at 31 National and State Speed Post Centres. (Annexure – A).
   (c) Speed Post Services at 24 Indian Air Force Stations will be provided through Army Postal Service Speed Post Network through its Army Post Offices linked with 1 CBPO and 2 CBPO. (Annexure – B)

3. **Features of the Consignments:**

3.1 Dimensions --Speed Post consignments shall not Exceed ---- metres for any one dimension or --- metres for the sum of the length and the greatest circumference measured in a direction other than that of the length.

3.2 Weight Maximum weight limit for the Speed Post consignments as per the contract will be --- Kgs. Accordingly SP Centres; National/State will make necessary arrangements for collection, transmission and delivery of the consignments.

3.3 Markings – All Air Force consignments will be identified by distinguished Air Force Markings/Codes.

3.4 Numbering – All Speed Post consignments booked by the Air Force Stations will be bar coded.

4. **BOOKING:**

4.1 (a) Consignment will be booked under BNPL by the Senior Logistic Officer of theLocal Air Force Station with the Local Speed Post Centre.

(b) Senior Logistic Officer has been advised by Air Headquarters to approach the Manager SPC to avail of the SP bookings facilities.

(c) Manager, SPC will brief the Senior Logistic officer, Air Force Station on procedure of booking under BNPL, determining the arrangement for pick up such as receipt of advance intimation of date and time to pick-up the consignment. The timings will be determined with reference to time for despatch.

(d) As far as possible free pick-up will be arranged through Departmental MMS wherever this is operative. At other places Manager, SPC should be authorized by the CPMG/PMG to hire conveyance for pick-up. Even where MMS is operating Manager, SPC will be authorized to incur conveyance hiring charges when MMS can not be made available.

(e) The Agent who will go to pick-up the consignment from the Air Force premises will check the following details:

(i) Weight
(ii) Destination with the full address
(iii) Special Air Force Marking/Codes
(iv) Number of Packages
(v) Consignment is impressed with 'BNPL' stamp.

4.2 Manager, SPC will also provide to the Logistic Officer copies of BNPL journals and Bar Code Stickers. A Marketing Executive will be assigned the responsibility to maintain the liaison with the Air Force Station, wherever Marketing Executives are posted at the SPC: otherwise Manager SPC will maintain liaison.

5. **DESPATCH:**

5.1 Speed Post consignments booked by Senior Logistic Officer (IAF) located at the National/State Speed Post Centres and deliverable to Air Force Stations at National/State SP Centres will be despatched in the same manner as any other speed Post article.

5.2 Speed Post consignments booked at National/State SP Centres by the senior Logistic Officer (IAF) and addressed to Air Force Station located on the APS Network will be despatched buly addressed to 1 CBPO, C/O 56 APO or 2 CBPO C/O 99 APO as the case may be as per Annexure – B.

5.3 Speed Post Bags addressed to 1 CBPO or 2 CBPO shall be despatched by the respective Airport TMO direct to 1 CBPO/2 CBPO along with other bags for these Base Post Offices.

5.4 For reasons of size or weight if the consignment cannot be sent inside the bag, the same should be sent outside loose giving an indication against the relevant entry in the manifest as "Sent Loose Outside".

6. **RATES:**

6.1 The Speed Post rates offered for IAF as per the contract are as follows:

Weight	Local	Upto 200 km	200 to 500 km	Above 500 km
Upto 50 gram				
51 to 200 gram				
201 to 500 gram				
Additional 1 kg. Or part				

For Proof of Delivery, Rs. --- will be charged extra.

6.2 **Discount:** Discount at the following rates will be offered to IAF, based on monthly billing.

Monthly Billing	Discount
Rs. 10,001 to Rs. 50,000	---
Above Rs. 50,000	---

Note : The limit may vary as per terms of contract

7. **DELIVERY:**

7.1 **Delivery Norms** – Delivery of consignments will be made as per the norms agreed upon between the Department of Posts and Indian Air Force. The delivery norms for 31 National and State Speed Post Centres will be as per Annexure – C.

7.2 Delivery in all the 31 National and State SP Centres to the Air Force Stations will be done at the premises. Delivery shall be effected strictly from SP Centres only and not through the Nodal delivery office or any other Post office. Manager SP Centre shall therefore make arrangements for delivery of such consignments as addressed to the Air Force Stations. The delivery may be effected by using departmental mail motor service wherever it is available. Wherever departmental MMS either can not be made available or is not in operation, Manager SPC shall be authorized to incur expenditure on conveyance of Air Force Consignments for delivery at the Specified premises.

8. **INTIMATION OF DELIVERY:**

8.1 As part of the contract, intimation of Delivery is to be given to the Indian Air Force. Therefore, as soon as IAF consignments received by SP is delivered, the Manager, SPC will communicate the date of delivery to the SPCC from where the consignment was despatched.

8.2 ENQUIRY NOTE ON IOD – In case of non-receipt of IOD, Manager SPC from where the consignment has been despatched will send enquiry note to the Manager SPC of the delivery destination for obtaining IOD particulars well before the submission of the BNPL bills to the Senior Logistic Officer Air Force Stations.

9. **FORCE MAJEURE:**

9.1 Despatch and delivery of Air Force consignments will be covered under the Force majeure condition. Under this Department of Posts will be released from the responsibility of partial or complete non-fulfilment of the obligation under this Contract if such non-fulfilment results from Force majeure, such as earth quakes, flood, fire, typhoon, hurricane, military action, mass disease (epidemics), strikes, diversions, transportation restrictions, such as cancellation of flights due to bad whether and natural calamities etc.

10. **COMPENSATION:**

10.1 For delays in delivery beyond specified delivery norms compensation will be payable as under:

(a)	For delays up to 24 h	-	NIL
(b)	For delays beyond 24 h	-	---- per day of the total SP charges.

10.2 In the event of loss or damage to consignment in transit compensation payable to the Air Force will be subject to the maximum limit of ----------

10.3 In case of articles received in damaged condition, open delivery will be arranged at the SPC in the presence of Manager, SPC and Senior Logistic Officer or his

authorised nominee. An inventory of contents found short will be prepared with reference to the consignment note. It shall be jointly signed.

10.4 A formal claim for the resultant loss will be submitted by the Logistic Officer (IAF) to the Manager SPC. Same will be sanctioned by the competent authority.

11. BILLING AND ACCOUNTING:

11.1 Bills for each month will be sent by the Manager SPc by the 7th of the following month to the Senior Logistic Officer of the IAF along with the IOD particulars of the Speed Post consignments.

11.2 As per the Clause ------ of the contract, IAF has agreed to make the payment of the amount billed to them within 7 days from the date of receipt.

11.3 The payment will be made by the Air Force through Account Payee Crossed Cheque addressed to the Postmaster of the Post Office at the station with which SPc is linked. The cheque will be received by the Manager SPC for submitting the same to the Postmaster for clearance and accounting.

11.4 Discount at prescribed rates, as per Para 6.2 wherever, admissible, will be allowed subject to the condition that bill is paid within 7 days of its receipt. In case of delay the cheque for gross amount shall be payable. This condition may be incorporated in the bill.

DESPATCHES THROUGH CIVIL COURIERS WITHIN COUNTRY (PER TRANSACTION BASIS)

1. **Schedule**: Para H of Appendix II Part III Air Force Schedule I. Despatch through couriers/speed post for despatch of items on AOG, Cat 'D' on AOG and for non-AOG stores in exceptional cases (per transaction).

2. **Areas/Ranges Covered.** As enumerated in Para H of Appendix II Part II Air Force Schedule I and Rule 58 (c)

(a) Despatch of AOG/MOG/PHU/MCM
(b) Despatch of Cat 'D' on AOGMOG/PHU/MCM
(c) All stores in exceptional cases where operational requirement do dictate.

3. **Occasions When The Power Can Be Used**

(a) For despatch of all types of stores when it is found to be an expeditious mode of despatch and advantageous over the other modes of despatches available.
(b) For despatching piece meal consignments when sufficient load is not available at a given time for despatching through civil hired transport etc.
(c) For despatching loads that exceed the maximum permissible weight allowed through speed post.

4. **Obtaining Necessity Angle Approval**. As and when the necessity arises case is to be initiated by SLO/C Lgs O units and depending on the expenditure involved, case will be forwarded to the appropriate CFA given in the schedule, if it exceeds the unit's powers: -

(a) Units under HQ MC will approach the AOLMs branch for CFA sanction in consultation with IFA.

(b) Units under Air HQ will approach Dte of Move under ACAS (Lgs) at Air HQ to obtain CFA sanction in consultation with IFA.

(c) All other units will approach their respective SMSOs branch at Command Headquarters if it crosses their powers for obtaining CFAs sanction in consultation with IFA.

5. **Details To Be Forwarded For Acceptance Of Necessity**

(a) Proof of urgency, which necessitates hiring of civil courier like AOG etc., and alternate expeditious mode of despatch is not available or would not meet the requirement.

(b) Rough indication of expenditure & basis calculation of expenditure/ cost.

(c) List of firms who are likely to be invited to quote (reputed firms registered with the unit/ trade directories etc). Units are to register firms for this service on similar lines as in case of other supplies & services.

(d) Draft request for offers.

(e) Budgetary support confirmation.

(f) Mode of Tendency to be adopted.

6. **Invitation Of Quotations And Finalisation Of Quotations.** On receipt of acceptance of necessity by CFA, as per Chapter 9 of IAP 1501 and current regulations on Local purchase following actions are to be initiated by the SLO.

(a) Float tender enquiries to the firms (as reflected in the case forwarded for acceptance of necessity). Tender enquiry should positively include clauses relating to Point to point delivery, LD/penalty clause. Since items are to be despatched on AOG priority quotes in these cases can be obtained by fax or by hand. Further action is to be taken as follows :-

(b) Receive quotes and schedule it through CLPC. CLPC should consist of at least Lgs officer, Accts (if powers without LAO/IFA are to be exercised) or LAO/IFA.

(c) Recommend L1 or the most suitable and economical tender.

(d) Negotiations if any with L1 (only) may be carried out (associating LAO/IFA depending on the amount per transaction) to reduce the quote. Negotiations are to be held only if quotes received of the L1 is unreasonable.

(e) Acceptance of single quote is at the discrepancy CFA based on recommendations of CLPC.

7. **Clearance From expenditure Angle.** SLOs will send the finalised proceedings of proposal to S Accts O for availability of funds. All papers connected with enquiry process, namely tender enquiry, quotations in original, CLPC along with recommendations & draft supply order is to be forwarded for clearance from Budgetary angle. The proposal may then be sent to CFA for approval either with or without IFA concurrence depending on the cost of the transaction vis-à-vis financial limits.

8. **Budgetary Support**.

(a) **Code Head.** The expenditure will be incurred from Major Head 2078/Minor head 105 (e)/L. C. H. 735/00 as per IAP 0152.

(b) **Budget Projection.** Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs in the format given in **Appendix**

'A'. The projection is to be based on **past** trend of expenditure and future forecasts requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) **Budgetary Documents. The** registers that are required to be maintained for monitoring budget is given at **Appendix 'B'** along with their formats.

(d) **Budgetary Control.** Before **forwarding** the case for clearance from expenditure angle, the expenditure is to be committed in the accounts section to ensure availability of funds. This will help the S Accts O to monitor the fund availability and also to effect necessary amendments in the modified appropriation return that are forwarded subsequently.

(e) **Paying Authority And Mode.** The payments will be cleared by the Accounts Officer in the unit by Cheque, when the bills are submitted along with the contingent bill duly vetted and signed by the Logistics Officer.

9. **Execution of Order**: On receipt of approval for proceeding with hiring, supply order is to be placed on the approved firm. While forwarding, the supply order is to be accompanied by standard terms and conditions and certain special terms and conditions peculiar to the unit. These should indicate the following conditions: -

(i) Loading Clause. It should bring out the responsibility of loading/offloading. The responsibility should be given to the courier firm.
(ii) Timing as required.
(iii) Time allowed for the items to reach its destination.
(iv) LD clause should be specified.
(v) Responsibility of contractor over safety of consignment.
(vi) Penalty clause in terms of compensation.
(vii) Payment clause.
(viii) Documents required to effect payment.

Check list for CFA & IFA

10. The CFA & IFA should ascertain the following

(a) Is there enough justification to despatch items by civil couriers ?
(b) Is the expenditure involved reasonable & commensurate with the need. Is the basis of calculating expenditure/cost reasonable & justified ?
(c) Is sufficient competition being ensured ?
(d) Does the request for offer cover the requirement explicitly & clearly ?
(e) Is budgetary support available to meet the commitment ?
(f) Does the supply order safeguard the interests of the IAF ?

11. **Documents/Details to be submitted with the case**

(a) **At Necessity angle stage**

(i) Proof of urgency
(ii) Draft request for offer/Tender enquiry
(iii) List of firms proposed to be approached to submit offers
(iv) Mode of Tendering
(v) Budgetary support.

(b) **At expenditure angle stage**
(i) Tender enquiry
(ii) Quotes received
(iii) CLPC proceeding & details of negotiations if negotiations are held
(iv) Budgetary support
(v) Draft supply order

12. **Time schedule for processing of the case.** The basic aim of utilising these powers is to ensure fastest despatch of the items. It should not happen that the time taken to obtain approvals far exceeds the actual time taken for despatch. Hence adherence of time schedules is vital in this case (It is also incumbent on the initiatory authority to prepare a bullet proof case for the IFA & CFA to be able to take timely decision). The following time schedules are to be adhered to.

(a) Financial concurrence at necessity stage by IFA/LAO at units/ comnmand/Air HQs	2 working days from receipt of the case
(b) Finalisation of CLPC proceeding	With in 2 days of last date of receipt of offers.
(c) Financial concurrence at expenditure angle by IFA/LAO at units/command & Air HQ	With 2 days of receipt & documents

13. **References : Nil**

APPENDIX A
Refers to Para 8 (b)

PRELIMINARY REVISED ESTIMATE FOR THE CURRENT FINANCIAL YEAR

Detailed head of account	Allotment up to……..	Expenditure up to…….	Estimate expenditure during the rest of the year	Total amount required for the year	Increase/ decrease required on existing allotment	Brief reasons for variation (between col.2 and 5)

SOP FOR AIRLIFT OF STORES WITHIN COUNTRY WITHOUT ENTERING INTO ANNUAL CONTRACT

1. **Schedule**. Appendix II Part-III Air Force Schedule I Para H. Airlift of stores within the country per transaction basis where no contract exist.

2. **Areas/ Ranges covered.**

(a) All Air Force stores (Including despatch of Cat Ds) required on AOG/MCM/PHU priority

(b) Airlifting of operationally/urgent cases of Non-AOG Stores by civil air

Note

Approval of competent authority i.e AOC/CO, ACAS at Air HQ/SMSO/AOLM at HQ MC, VCAS/AOM/AOC-in-C Commands depending on cost involved for airlift of Non-AOG stores as per Para `H' of Schedule I, App II Part III, FR PT I Vol should be deemed as sanction and no separate sanction of CFA for extra expenditure is required..

3. **Occasion When Powers Can Be Used (As Per Para 4 Of AFO 34/98).** Air Force equipment/stores may be airlifted by civil Airlines in the following cases when scheduled service Aircraft is not available.

(a) AOG/PU/MCM equipment/Stores (Including despatch of Cat Dee
(b) Operationally urgent cases of Non-AOG Stores.

4. **Budgetary Support.**

(a) **Code Head.** The expenditure on air freight of stores received/dispatched by civil air is to be debited to Major Head 2078 Minor Head 105; (Transportation) and Cash Account Voucher Head 27B.

(b) **Standard Budget Document**. Freight Charge Payment Register as per para 7 of AFO 34/98 is to be maintained at units. Other budget documents similar to any locally controlled code head will also be maintained at unit, command and Air HQs.

Notes For Budgetary Control And Expenditure Control:

1. Budget Projection, Availability Of Budget Proposal, Budgetary Control/booking and Expenditure control. Budget support be made by making the funds available in locally control code heads. Allocation, control and expenditure of funds be done like any other locally controlled heads in following manner:-

(a) Budget Projection. Budget projection will be made by all command HQ to D Fin P as per Appendix B to IAP 0152. Units will project its requirement to their respective command HQ.

(b) <u>Availability Of Budget Proposal.</u> D Fin P will make bulk allocation to all command HQ. Command HQ will make further allotment to units as per Para 20 and 21 of IAP 0152.

(c) <u>Budgetary Control/booking and Expenditure control.</u> Budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from each command as per time schedule laid down in Para 32 of IAP 0152.

(d) Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

5. **<u>Methodology For Dispatch By Air.</u>**

(a) Depending upon cost involved, the sanction of CFA as per Para `H' of Schedule I, App II Part III, FR PT I Vol II will be obtained prior to despatch. The powers of CFA are as under: -

Sl No	CFA	Financial Limits without IFA concurrence	Financial Limits with IFA concurrence
1.	VCAS/AOM/AOC-in-C COMMANDS	1,00,000/-	5,00,000/-
2.	ACAS at Air HQs/SMSO/ AOLM at HQ MC	50,000/-	2,00,000/-
3.	AOC/CO of self accounting units	10,000/-	50,000/-

(b) Where services of Indian Air Lines or Air India exist within the urban limits, item will be booked through Indian Airlines and no quotation would be required. The payment would be made as per procedure laid down in para 8.

6. As per existing provisions and para 5 of AFO 34/98, booking of consignment for airlift can only be done through Indian Air Lines. Where services of Indian Air Lines does not exist but other airlines or C & F agents exist, other airlines is permissible for airlift of stores within country. In case more than one airline operates from a destination which is not connected by Indian Airlines, the equipment is to be despatched through the cheapest one which is to be determined based on their fixed rates on which they operate or by inviting quotes. In case certain equipment is required to reach destination on a specific date and Indian airlines/Air India are not having any flight on that particular day, services of other airlines be availed if it is cheaper than Indian Airlines /Air India. The cost of despatch by other airlines should not exceed cost of despatch by Indian Airlines/Air India services of other air lines can also be utilised if it is cheaper than Indian Airlines/Air India on a particular route. Annual contract to fix rates can be finalised by units with civil airlines as per normal procedure as laid down in IAP1501 Chap 26 if frequency to a destination is regular.

7. The process of expenditure and necessity angle is to be combined in one case. The case is to clearly specify the reasons for despatch by civil air, the cost involved, the airline selected (with reasons for selecting the airline) and broad terms and conditions. A draft supply orders or equivalent is to put along with the case. The case is to be processed through IFA / LAO / JCDA if the powers being exercised are in consultation with Finance.

8. **<u>Paying Authority And Mode Of Payment.</u>**

(a) **When Booked Directly With Indian Air Lines.** Payment for the freight charges will be made in the following manner: -

(i) **Payment of Freight Charges on Form (S) 266.** When equipment/stores are required to be despatched by Civil Air, the Logistics Officer is to raise Form (S) 266 (Cargo Transportation request) in quadruplicate. The original and duplicate copies of the form duly completed along with the consignment are to be handed over to the Civil Airlines concerned and an Air Way Bill obtained from them. The Civil Airlines is to retain the duplicate copy and forward the original copy of the Form (S) 266 together with their Bill to the Accounts Officer of the consignor unit for payment. Triplicate copy of Form (S) 266 is to be passed by the Logistics Officer to the Accounts Officer. Payment is to be effected in the normal manner and vouchers forwarded to CDA (AF) Dehradun /JCDA (AF) Nagpur along with monthly Cash Account. The Air Way Bill is to be retained along with the triplicate copy of Form (S) 266 in support of the Cash Account and check by the Local Audit.

(ii) **Custody/Check And Disposal Of Cargo Transportation Request Form (S) 266.** The books of Form (S) 266 are to be obtained from the Controller of Forms Store, Calcutta, who will issue to these units purely on an "as and when required basis". Unused books in the units are to be kept by the Adjutant for safe custody and are to be issued to Logistics Officer when required. Record of receipts and issues is to be kept in the Register (F) 2012 or in Manuscript Register to be maintained for this purpose. These forms are not to be used for conveyance of personnel by Civil Airlines (external or internal). Form (S) 266 is to be signed by the Commanding Officer of the consignor unit or any other Officer who has been delegated with the powers to sign on his behalf. Other instructions regarding safe custody, check and disposal as laid down for Railway Warrants are to apply mutates mutants to Form (S) 266 (Cargo Transportation Request).

(b) **Despatch of Equipment/Stores on Cash Payment (Refer Para 7 of AFO 34/98).** Where it is not possible for any reason to despatch equipment by issuing Form (S) 266, or by other airlines. The required amount is to be obtained from Accounts Officer on Form 175-A. A manuscript Register is to be maintained by Accounts Officer to record transactions of this nature. The Logistics Officer is to arrange handing over the consignment to the Airlines and obtain the Air Way Bill and Cash Receipt. The cash receipt obtained from the Airlines and balance amount along with a contingent bill and copy of sanction if any are to be handed over to the Accounts Officer to clear the temporary advance.

(c) In cases where transhipment of the consignment has taken place from one Civil Airlines to another, the consignee unit should pay, if necessary, the contingent charges involved from public Fund after ensuring that the consignor has not incurred the expenditure on this account. The receipted Bill From the Civil Airlines in support of the payment made is to be sent to the CDA(AF) Dehradun along with cash account.

9. **Details/Documents to be submitted for obtaining sanction.** Process of necessity and expenditure angle approval is combined in this process for which following details/documents are to be submitted.

(a) Document/details proving urgency of despatch by civil air.
(b) Expenditure involved based on IA/AI rates. In case of despatch by other airlines, rate of IA/AI are also to be quoted.
(c) Details of consignment to be booked with confirmation that packing utilised is absolutely necessary & that weight on count of packaging is the minimum possible.
(d) Mode of payment and expenditure involved. Confirmation on budget availability is essential.
(e) Terms & condition of despatch like time limits, & responsibility in case of damages & delays.

10. **Check list for IFA / CFA**

(a) Is despatch through Civil Air justified and in consonace with the urgency projected.

(b) Are the rates to be paid as per IA / standard rates.

Note :- *all cases be routed through IFA / JCDA / LAO if the financial powers are in consultation.*

11. **Time Limits for Processing case**

Financial scrutiny (only in cases where powers to be exercised in consultation with finance).	2 days of the receipt of the case.

12. **Reference** - AFO 34 / 98

APPENDIX "A"
Refers to para 4 (b)

FREIGHT CHARGES PAYMENT REGISTER

SI No.	External Issue Voucher No & period	Particulars of consignment	Name of Airlines to whom payment made	Particulars of Bill No & Date	Amount Rs. P.	Date paid	Cash Account Voucher No	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

SCHEDULE-II

POWER TO SANCTION EXPENDITURE NOT PRECISELY COVERED BY RULES

1. (a) Schedule Schedule II
   (b) Definition Power to sanction expenditure not precisely covered by Rules
   (c) Powers Competent Financial authorities and powers are as follows:-

	Financial Limits	
Competent Financial Authority	**Without IFA Concurrence**	**With IFA/CDA Concurrence**
(A)VCAS/AOA/AOP	20,000	100000
(B) AOC-in-Cs	10000	60000

Conditions

(i) The expenditure should be of a non-recurring nature not falling within the categories enumerated in Rule 58.

(ii) The expenditure should not be provided for at all by existing regulations or not precisely or adequately covered by existing regulations

(iii) The expenditure must be reasonably charged against Defence Service Funds which in the opinion of the CFA, is likely to receive the sanction of the Government of India, if referred to them.

(iv) The expenditure should be legitimate charge against the Public Funds.

(v) The canons of financial property are observed.

(vi) The authority exercising the power should be satisfied that the sanctioning of the expenditure is not contrary to any declared or known policy of Government.

Code Head, budget projection, budgetary control, Standard budget documents/Registers to be maintained, paying authority and mode of payment will be same as applicable for Schedule I Rule 58 c (I).

Check List for intermediate and ultimate CFAs

1. Whether demanded item is an authorized item as per Financial Regulation Part –I
2. Whether Local purchase procedure has been strictly followed
3. The items purchased are not available through service sources
4. The expenditure incurred is in the interest of service
5. The items purchased are not for more than three months requirement.

SOPs to be followed at Unit level

(i) Unit/Section requiring the items is to submit the demands to the Adjutant in the normal manner. After the demand for local purchase of the item is raised and submitted to the Adjutant, the same will be submitted for AOC's/Stn Cdr's approval through SAO.

(ii) Normal local purchase procedure as laid down in Chapter 9 IAP 1501 will be followed.

(iii) Contingent bill duly supported by pre-receipted bill from the suppliers to be preferred by the Station Adjutant to the Senior Accountant Officer after registering the same under OCG Code Head.

(iv) If the expenditure is within the laid down financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(v) On receipt of the case from IFA's concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

(vi) Items purchased to be BOC in Dead Stock Register and the stock taken annually by a BOO.

(vi)In case the cost of items required is beyond powers of CFA, statement of case is to be prepared and submitted to higher CFA for sanction duly recommended by the AOC/Stn Cdr.

SOP's to be followed at Command level

(i) Receive SOC from Unit in three copies

(ii) On receipt of the SOC, concerned Section in Command will register the details of the case in the register maintained for the purpose, after checking the justification and fulfillment of conditions governing the requirement.

(iii) If all the conditions are being fulfilled and expenditure is within the laid down Financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(iv) On receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

SOPs to be followed at Air HQs level

(i) The SOC duly complete in all respect will be forwarded to the respective Directorate at Air HQs.

(ii) All the SOCs pertaining to Unit will be routed to Air HQs through their respective Command HQs.

(iii) On receipt of the SOC, respective Directorate will register the same in register maintained for the purpose, after checking the justification and fulfillment of condition governing the requirement.

(iv) If all the conditions are being fulfilled and expenditure is within the laid down Financial limits the case will be put up to IFA for necessary concurrence wherever applicable.

(v) On receipt of the case from IFA after concurrence, wherever applicable or otherwise, the same will be put up to CFA for necessary sanction.

SCHEDULE-III

POWER TO AUTHORIZED THE ISSUE OF STORES OR REGULARIZE PREVIOUS ISSUE OF STORES IN EXCEPTIONAL CASE

1. **Occasion** : These powers are to be exercised to authorize issue of stores to external agencies on a permanent basis ,when the issue is not authorized. These powers can be exercised prior to issue being effected or on an ex post-facto basis in exceptional circumstances.

2. **Range:** All Air Force stores except EW, Armament and secret equipment.

3. **Procedure** : In case an issue is to be made to an external agency which is not authorized the C Lgs O/S Lgs O of the unit is to initiate a case bringing out the reasons and necessity of making the issue In case the issue has already been effected and sanction is being sought on an ex post –facto basis , the reasons why prior sanction could not be taken should be brought out in the case. The proposal is to be submitted to AOC/CO (Through LAO/rep of CDA if powers are to be exercised in financial consultation). The case should bring out the cost of the items to be issued as well as the basis of the cost.

4. In case cost of items to be issued exceeds the powers of AOC/CO of the units. The complete case is to be referred to Command HQ/Air HQ depending on the cost of the item to be issued. This will be dealt by CLMO at Commands and Dte of MA at Air HQrs

5. The cost of the item issued is not to be treated as a loss and thus requires no separate regularization of the loss.

6. **Time limits for processing of the case:**

(a) Financial scrutiny and clearance by LAO/JCDA/IFA. 7 days from date of receipt of the case subject to availability of adequate & trained Man -powers.

7. **Check list for IFA and CFA**

(a) It should be ascertained that the action proposed/taken is inescapable and is not likely to recur in future.

(b) Is there any possibility of recovering the cost fully or partially of the items being issued.

8. **References** : - **Nil**.

Schedule –IV

Power to sanction write off of losses of stores not due to Theft, Fraud or Gross Neglect

Item Power to sanction write off of losses of stores not due to theft, fraud or gross neglect.

Authority Chapter 22 IAP 1501

CFA & Financial Limits

Financial Limits

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence
1. VCAS/DCAS/AOP/AOM	NIL	400000
AOC-in-C Command		400000
3. AOC, IAF Self Accounting Establishment	NIL	200000
4. OC,IAF self Accounting Establishment	NIL	100000
5. JD Met (Air HQ)	NIL	100000
6. DGMS (Air) i/r/o Medical Stores only	NIL	100000

Conditions

(i) The competent financial authority may write off losses which are not due to theft, fraud or gross neglect after obtaining audit report from the CsDA/LAO concerned and with the concurrence of IFA.

(ii) Loss statement for amounts not exceeding Rs.2000/- whether due or not due to theft, fraud or gross neglect need not be referred to CDA by the CFA concerned

(iii) The CFAs at Commands higher level may write off losses which are not due to theft, fraud or gross neglect after obtaining the audit report from CsDA with the concurrence of IFA.

(iv) The CFA may write off losses which are due to theft, fraud or gross neglect only after obtaining audit report from CsDA with the concurrence of IFA

(v) Provisions contained in FR Pt I will also be kept in view, while processing the loss of Stores/public money.

Checklist for Intermediate and Final CFA

Sanctioning authority is to ascertain the following facts before according sanction

(i) The loss is not due to any individuals carelessness
(ii) The loss is beyond the control of storing authority
(iii) No carelessness is involved in safeguarding the equipment
(iv) Necessary enquiry has been ordered and reports rendered before the loss statement is sent for sanction.
(v) Remedial action taken and instructions issued to avoid reccurence in future
(vi) No individual has been shielded to avoid fixing the responsibility

SOPs at Unit Level

(i) In cases of Losses/Damages not due to theft, fraud, or gross neglect holding of Court of Inquiry may at the discretion of Competent Financial Authority be dispensed with IFA concurrence where the reported loss is less than Rs. 10,000/- by citing reasons for such action.
(ii) Accountant Officer are to maintain a record of all loss statement raised in Air Force on Form (F) 1521 and are to ensure that each entry ultimately records the approval of Competent Financial Authority.
(iii) The financial powers detailed are personal and cannot be delegated to any subordinate officer, except under certain definite conditions as detailed in Financial Regulations.
(iv) Losses of various classes of stores due to one and the same incidence/ cause should be written on one loss statement.
(v) Air Force equipment which has been lost or damaged , and is to the subject of formal write off action is to be recorded on issue voucher Form (Q) 406 as enumerated in Para 3 of IAP 1501.
(vi) Preparation of Form (Q) 406 to be done in accordance with Para 5 to 8 of Chapter 22 of IAP 1501.
(vii) Pricing of loss occurred as shown in Form (Q) 406 is to be done in accordance with para 9 to 10 of Chapter 22 of IAP 1501.
(viii) Price is to be checked by LAO(AF) concerned.
(ix) IFA's concurrence is to be obtained before according the sanction.

SOPs at Command HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

SOPs at Air HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.

(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

Schedule –V

Power to sanction write off of losses of stores due to Theft, Fraud or Gross Neglect

Authority Chapter 22 IAP 1501

CFA and Financial Limit

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence
VCAS/DCAS/AOM	NIL	1,20000
AOC-in-C Command	NIL	1,20000
AOC/CO IAF Self Accounting Establishment	NIL	60000

Conditions

(i) The competent financial authority may write off of losses which are not due to theft, fraud or neglect after obtaining audit report from the Controller of Defence Account /LAO concerned with the concurrence of IFA.
(ii) Loss statement for amounts not exceeding Rs.2000/- due to theft, fraud or neglect need not be referred to CsDA by the CFAs concerned.
(iii) The CFAs at Commands higher level may write off losses due to theft, fraud or gross neglect after obtaining the audit report from CsDA with the concurrence of IFA.
(iv) The CFA may write off losses which are due to theft, fraud or gross neglect only after obtaining audit report from CsDA with the concurrence of IFA
(v) Provisions contained in FR Pt I will also be kept in view while processing the loss of stores/publications.

Checklist for Intermediate and Final CFA

Sanctioning authority is to ascertain the following facts before according sanction

(i) Reasons forwarded for loss are genuine.
(ii) Loss is beyond the capacity of the individual held responsible for the loss.
(iii) Action taken to avoid such type of losses in the future.
(iv) In case of loss due to faulty packing/storage, action taken to improve such requirements.
(v) If the loss is due to Rly/Transporter, action taken to recover the cost from Rly/Transporter.
(vi) Remedial Measures taken and instructions issued to avoid recurrence in future..

SOPs at Unit Level

(i) In cases of Losses/Damages due to theft, fraud, or gross neglect holding of Court of Inquiry may at the discretion of Competent Financial Authority be dispensed with IFA concurrence in cases where the loss is less than Rupees 10,000 by citing reasons for such action.
(ii) Accountant Officer are to maintain a record of all loss statement raised in Air Force on Form (F) 1521 and are to ensure that each entry ultimately records the approval of Competent Financial Authority.
(iii) The financial powers detailed are personal and cannot be delegated to any subordinate officer, except under certain definite conditions as detailed in Financial Regulations.
(iv) Losses of various classes of stores due to one and the same incidence/ cause should be written on one loss statement.
(v) Air Force equipment which has been lost or damaged , and is to the subject of formal write off action is to be recorded on issue voucher Form (Q) 406 as enumerated in para 3 of IAP 1501.
(vi) Preparation of Form (Q) 406 to be done in accordance with para 5 to 8 Chapter 22 of IAP 1501.
(vii) Pricing of loss occurred and shown in form (Q) 406 is to be done in accordance with Para 9 Chapter 22 and Para 3 to 14 Chapter 23 of IAP 1501.
(viii) Pricing on Form(Q) 406 is to be checked by LAO(AF) concerned.
(ix) IFA's concurrence is to be obtained before according the sanction.

SOP at Command HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

SOP at Air HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.

(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.

(vi) IFA concurrence will be obtained and sanction accorded.

(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

Schedule –VI

Power to sanction write off of losses of Public Money not due to Theft, Fraud or Gross Neglect

Authority FR Pt I Vol I

CFA & Financial Limits :

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence	Remarks
1. VCAS/DCAS/AOP/AOM	NIL	50,000	The powers may also be exercised in respect of DSC personnel attached to the units of Air Force
2. AOC-in-C Command	NIL	40,000	
3. Directorate of Accounts (For writing off debit balance of Non effective IRLA)	---	---	

Conditions

(i) The competent financial authority may write off of losses which are not due to theft, fraud or neglect after obtaining audit report from the Controller of Defence Account concerned, with the concurrence of IFA.
(ii) Loss statement for amounts not exceeding Rs.2000/- not due to theft, fraud or neglect need not be referred to CsDA by the CFAs concerned.
(iii) The CFAs at Commands higher level may write off losses which are not due to theft, fraud or gross neglect after obtaining the audit report from CsDA with the concurrence of IFA.
(iv) The CFA may write off losses which are due to theft, fraud or gross neglect only after obtaining audit report from CsDA with the concurrence of IFA
(v) Provisions contained in FR Part I will also be kept in view, while processing the cases of loss of public money.

Checklist for Intermediate & Final CFA

1. The definition of the term 'Public Money is as follows: -
   (i) Irrecoverable personal advances made to individuals no longer in Government service;
   (ii) Overpayments of pay and allowances made to individuals no longer in Government Service;
   (iii) All other irrecoverable cash claims including the value of issues on payment to units or individuals the recovery of which would entail considerable hardship or present special difficulty;

iv)Value of stores issued to contractors which, for any cause, there has been a failure to recover and the recovery of which would present special difficulty;
(v) Losses due to expenditure on freight in respect of stores dispatched in error;
(vi) Losses resulting from the dispatch of stores by other than the authorized procedure;
(vii) Irrecoverable debts of units disbanded in accordance with demobilization orders;
(viii) Irrecoverable losses due to thefts and fraudulent use of railway warrants, credit notes or railway concession vouchers;
(ix) Demurrage charges incurred due to negligence on the part of consignor/ consignee.

2. Sanctioning authority is to ascertain the following facts before according sanction

(i) The loss is not due to theft, fraud or gross neglect
(ii) The loss is beyond the control of the authority
(iii) No carelessness is involved
(iv)Necessary COI if any, has been ordered and reports rendered before the loss statement as sent for sanction
(v) Necessary instruction have been issued to avoid recurrence of such loss.
(vi) Remedial Measures taken.
(vii) No individual has been shielded to avoid fixing the responsibility.

SOPs at Unit Level

(i) In cases of Losses/Damages not due to theft, fraud, or gross neglect holding of Court of Inquiry may at the discretion of Competent Financial Authority be dispensed with IFA concurrence.
(ii) Accountant Officer are to maintain a record of all loss statement raised in Air Force on Form (F) 1521 and are to ensure that each entry ultimately records the approval of Competent Financial Authority.
(iii) The financial powers detailed are personal and cannot be delegated to any subordinate officer, except under certain definite conditions as detailed in Financial Regulations.
(iv) Losses of various classes of stores due to one and the same incidence/ cause should be written on one loss statement.
(v) Air Force equipment which has been lost or damaged, and is to the subject of formal write off action is to be recorded on issue voucher Form (Q) 406 as enumerated in Para 3 of IAP 1501.
(vi) Preparation of Form (Q) 406 to be done in accordance with Para 5 to 8 of Chapter 22 of IAP 1501.
(vii) Pricing of loss occurred and shown in Form (Q) 406 is to be done in accordance with Para 9 Chapter 22 and Para 3 to 14 Chapter 23 of IAP 1501.
(viii) Price to be checked by LAO (AF) concerned.

SOP at Command HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

SOP at Air HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

Schedule –VII

Power to sanction write off of losses of Public Money due to Theft, Fraud or Gross Neglect

CFA & Financial Limits :

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence	Remarks
VCAS/DCAS/AOP/AOA	NIL	40,000	**These powers may also be exercised in respect of DSC personnel attached to units of Air Force.**
AOC-n-C Command	NIL	20,000	

Conditions

(i) The competent financial authority may write off of losses which are not due to theft, fraud or neglect after obtaining audit report from the Controller of Defence Account concerned with the concurrence of IFA.
(ii) Loss statement for amounts not exceeding Rs.2000/- due to theft, fraud or neglect need not be referred to CsDA by the CFAs concerned.
(iii) The CFAs at Commands higher level may write off losses due to theft, fraud or gross neglect after obtaining the audit report from CsDA/LAO with the concurrence of IFA.
(iv) The CFA may write off losses which are due to theft, fraud or gross neglect only after obtaining audit report from CsDA with the concurrence of IFA.
(v) Provisions contained in FR Pt I will also be kept in view while processing loss of public money.

Checklist for Intermediate & Final CFA

1. The definition of the term 'Public Money is as follows: -
(i) Irrecoverable personal advances made to individuals no longer in Government service;
(ii) Overpayments of pay and allowances made to individuals no longer in Government Service;
(iii) All other irrecoverable cash claims including the value of issues on payment to units or individuals the recovery of which would entail considerable hardship or present special difficulty;
iv) Value of stores issued to contractors which, for any cause, there has been a failure to recover and the recovery of which would present special difficulty;
(v) Losses due to expenditure on freight in respect of stores dispatched in error;
(vi) Losses resulting from the dispatch of stores by other than the authorized procedure;

(vii) Irrecoverable debts of units disbanded in accordance with demobilization orders;
(viii) Irrecoverable losses due to thefts and fraudulent use of railway warrants, credit notes or railway concession vouchers;
(ix) Demurrage charges incurred due to negligence on the part of consignor/ consignee.

2. Sanctioning authority is to ascertain the following facts before according sanction

(i) The loss is not due to theft, fraud or gross neglect
(ii) The loss is beyond the control of the authority
(iii) No carelessness is involved
(iv)Necessary COI if any, has been ordered and reports rendered before the loss statement as sent for sanction
(v) Necessary instruction have been issued to avoid recurrence of such loss.
(vi) Remedial Measures taken.
(vii) No individual has been shielded to avoid fixing the responsibility

SOPs at Unit Level

(i) In cases of Losses/Damages not due to theft, fraud, or gross neglect holding of Court of Inquiry may at the discretion of Competent Financial Authority be dispensed with IFA concurrence.
(ii) Accountant Officer are to maintain a record of all loss statement raised in Air Force on Form (F) 1521 and are to ensure that each entry ultimately records the approval of Competent Financial Authority.
(iii) The financial powers detailed are personal and cannot be delegated to any subordinate officer, except under certain definite conditions as detailed in Financial Regulations.
(iv) Losses of various classes of stores due to one and the same incidence/ cause should be written on one loss statement.
(v) Air Force equipment which has been lost or damaged, and is to the subject of formal write off action is to be recorded on issue voucher Form (Q) 406 as enumerated in Para 3 of IAP 1501.
(vi) Preparation of Form (Q) 406 to be done in accordance with Para 5 to 8 of Chapter 22 of IAP 1501.
(vii) Pricing of loss occurred and shown in Form (Q) 406 is to be done in accordance with Para 9 Chapter 22 and Para 3 to 14 Chapter 23 of IAP 1501.
(viii) Pricing of loss is to be checked by LAO (AF) concerned.

SOP at Command HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same

(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

SOP at Air HQs

(i) Loss statement will be received in three copies along with the proceedings of Court of Inquiry if held.
(ii) On receiving the loss statement, the same will be checked for its correctness in accordance with Para 5 b (i) Chapter 22 IAP 1501
(iii) Loss statement will be recorded in the register maintained for the same
(iv) Before according "write off" sanction, the competent Financial Authority, in each case, is to obtain an Audit Report from CDA(AF), LAO(AF) as the case may be.
(v) For the purpose of audit report a copy of Form (P) 28 and (Q) 406 is to be made available to the audit authorities.
(vi) IFA concurrence will be obtained and sanction accorded.
(vii) After the sanction by the CFA one copy of form (Q) 406 will be retained and two copies duly signed in ink and dated will be forwarded to the unit originating the loss statement.

Schedule- VIII (A)
Purchase of stores

SOP FOR LOCAL PURCHASE OF STORES

1. **Range**: All Air Force stores and equipment including medical stores.

2. **Occasions**: Local purchase of stores can be resorted to: -

(a) The powers of local purchase (per transaction) are to be exercised only in respect of such items of authorized equipment as are urgently required and then only after it has been ascertained that suppliers are not available or cannot be obtained expeditiously from the normal source of supply. The use of the powers of local purchase should be exception rather than the rule.

(b) These Financial powers are also applicable to purchase of spares of MT and Marine Craft/Diesel Petrol generating set and medical stores. Powers in respect of stores relates only to purchase of indigenous stores and not in respect of stores from abroad. This will also include local purchase of ASC stores viz condiments. CFA for ASC items will be determined w.r.t total estimated annual requirements. Tenders for such supplies will be invited from ASC registered vendors and vendors registered with the Air Force or through open tender in consultation with local IFA.

This will also include local purchase of ASC stores viz condiments and ASC items. CFA for ASC items will be determined w.r.t. total estimated annual requirements of the command as a whole. All contracts for ASC stores/ASC items will preferably be concluded at Command level taking into account the estimated annual requirements. Tenders for such supplies will be invited from ASC registered vendors and vendors registered with Air Force.

(c) For purchase, repair, calibration etc and for all maintenance requirements for all ranges of equipment whose maintenance philosophy is "Local repair" by units or through vendors.

3) **Wherever financial powers of CFAs are with financial concurrence/in consultation with IFA, concurrence of IFA is to be obtained at each stage of procurement. As per laid down rules of IFA system, LAOs being IFAs, are invariably to be involved in following stages of procurement in respect of local purchase under schedule VIII.**

i) Acceptance of necessity.
ii) Selection of mode of tendering i.e. OTE/LTE/STE at the time of TE stage.
iii) Approval of sources in case of LTE and STE/Selection of vendors.
iv) Vetting of draft tender enquiry.
v) Participation in Tender opening and vetting of CST. (All tenders are to be opened in the presence of bonafide reps. of firms.)
vi) Participation of TPC/PNC at units.
vii) Vetting of draft supply orders and recording of FC NO & Date.
viii) Concurrence of DP Extension, waiver of LD and security deposit.
ix) Concurrence of Amendments to contracts.

However, for proposals upto Rs.2 lakhs which cover powers delegated upto AOC self accounting establishments, the concurrence of IFA will be combined at two stages.

First stage will cover necessity angle concurrence, mode of tendering concurrence and vetting draft tender inquiry. The second stage will cover holding of PNC, if required, and expenditure angle clearance. Moreover, this provision will be followed till the time a dedicated IFA is posted to the concerned units/self accounting establishment.

It is further clarified that tendering/ contracting procedures for central purchase apply mutatis mutandis to local purchase. No such distinction has been made in any MOD orders/GFR/FR/DFPR

In case of financial powers without concurrence, normal tendering/procurement procedures will be followed, though IFA will not be associating. All such sanctions are subject to audit by CDA (AF)/JCDA (AF) as the case may be.

4 **REGISTRATION OF VENDORS:** Separate lists of suppliers will be maintained by Air Force Units for local purchase and direct purchase and periodically reviewed for additions / deletions. Vendors already registered with Army, Navy, Ordnance Factories, DRDO and Defence PSUs and DGS&D will be automatically considered for issue of LTE.

IFA, being a resourceful Officer locally available having knowledge of **financial, accounting and contractual matters** and working experience of other Departments of MOD, may be invariably consulted in the process of registration of vendors, particularly with regard to verification of financial and commercial capabilities of vendors. As such, the registration work is a **multi-disciplinary and techno-commercial exercise.**

5 **ACCEPTANCE OF NECESSITY:** Due justification from acceptance of necessity is to be furnished to local IFA /LAO for scrutiny. **In case of provisioned items, non-availability certificate from concerned depot is to be invariably obtained**. If it is the first time procurement, full details of the case along with justification for procurement is to be furnished for scrutiny of IFA /CFA

6. **ESTIMATED COST:** The value of local purchase proposals are to be estimated before issue of Tender Enquiry as follows:

a) Last purchase price. It should not be more than 3 years old
b) LPP should not be escalated as per C.V.C guidelines. Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.
c) Year of last purchase price and date and no. of supply Order.
d) Budgetary quotations where LPP are more than three years old. Manufacturers price list and current discount rates may be obtained.
e) In case of price list or LPP is not available, the basis of arriving at the price of each item is to be indicated.
f) Where price lists/LPPs are not available, prices are to be assessed in consultation with specialist officers by clearly annotating that prices have been assessed.

After acceptance of necessity is concurred by IFA (where applicable i.e. CFA powers are with concurrence) and approved by CFA, LTE should be issued to established and registered suppliers **concurred by IFA/ CDA and approved by CFA, duly recording adequate reasons.**

LAO Is to be Involved In Vetting Draft Tender Enquiries and In Vetting Draft Supply Orders. A specimen copy of draft abridged TE is enclosed at **Annexure I**

In case of local purchases, the tenders are being invited and CST is prepared at unit level. This CST will be vetted by LAO with regard to original quotations to ensure that rates-taxes, duties, and charges have been properly accounted for on the CST.The last procurement rate and source should be indicated in the CST and verified.

Draft Supply Order **is to be** vetted with regard to standard terms & conditions of contracts. GOI guidelines, quantities, rates, taxes, duties and charges, payment terms, period of delivery, L.D. clause, security deposit etc. A specimen copy of draft abridged SO is enclosed at **Annexure II**.

While vetting, financial concurrence No & Date of IFA are to be indicated on draft supply order.

7 **TENDERING: In all cases of** local purchase except cash purchases under Schedule XVI (C), **tenders are to be invariably invited. Quotations on letter pad / head should not be accepted. A tender, on acceptance, becomes a contract.**

As per rule 15 GFR and Appendix VIII under Rule 102, open tendering is to be resorted to for procurement of all items of Rs.2 lakhs and above. TPC including CFA and IFA can resort to LTE recording adequate reasons. IFA's concurrence for mode of tendering will be obtained at acceptance of necessity stage.

Further selection of vendors for issue of LTE is to be approved by chairman of TPC i.e. CFA and concurred by IFA, amongst others.

However, the concurrence of LAO/IFA will not be obtained in respect of L.T.E. up to Rs.80, 000/-. All cases of L.T.E. exceeding Rs.80, 000/- up to 8 Lakhs are invariably to be issued with prior concurrence of IFA vide MOD letter no. 10(3)/02-D (Air-II) Dt:-01/04/2002.

Total financial powers against single tender including proprietary purchases without concurrence of IFA are only Rs. 5000 as per delegation of powers vide MOD letter no. 10(3)/02-D (Air-II) Dt:-01/04/2002

8 **ISSUE OF PAC: Any item being proprietary in nature is to be procured from the OEM (Original Equipment Manufacturer) the PAC (proprietary Article certificate) in terms of MOD letter NO: -93916/RD (II)/5242/D (RD)/ Dt: -15/10/1985 should be issued. PAC should be issued in favor of OEM/Authorised dealer, duly recording reasons. Reasonability of**

rates, among other things, is to be assessed with regard to cost break-up, price analysis and effective comparison with rates of similar items.

When purchases are to be made from sole manufacturer or from authorised distributor, the percentage of rebate to be allowed by the manufacturer/ distributor should be seen and the same has been indicated in TPC/Formal sanction is to be ensured. Reasons for proprietary purchase are standardization, fitness and single/known source.

The powers of PAC purchases under revised delegation are Rs.5000/- only.

9 Unit Level TPC / PNC for local Purchase: -TPC/CLPC at Unit level has been laid down by MOD. This comprises of

1. AOC / CO Depot
2. Representative of CDA i.e LAO / ACDA
3. CQAO
4. C Lgs O or representative
5. Representative Of user section

Association of LAO (AF) being IFA to AOC/ CO in TPC respect of purchases exceeding value of Rs. 1 lakh with or without financial concurrence is mandatory.

Wherever rates are considered on higher side or as advised by IFA, PNC may be conducted associating IFA with L1 firm. Brief for TPC/PNC should be submitted to IFA / members (Fin.), three clear working days in advance. In all cases of PNC, the minutes of PNC should be signed by all members, including member (Fin.) duly incorporating financial advice if any rendered. Reasonability of rates is to be brought out in minutes effectively.

10 <u>Incorporation Of Standard Terms And Conditions Of Contract In Local Purchase Order</u>: As per rules all standard terms and conditions of contract viz. among other things, security deposit, delivery period, liquidated damages, arbitration, payment terms, terms of delivery, inspection etc are to be incorporated in the local purchase order. Local purchase order is a contract. Tenders incorporating standard terms and conditions are to be invited for all such purchases except cash purchases under Schedule XVI. A tender on acceptance becomes a contract. Security deposit cannot be waived without prior concurrence of IFA. The requirement of Earnest Money, Security Deposit and LD will be as per Rule 203 ,Rule 213 FR part-1Vol-1,and Rule 273 & Rule 12 of GFR. CFA, may, however, use his discretion in respect of cases upto Rs. 1,00,000/-.

All security deposits in all approved forms are to be pledged in favour of IFA/CDA.

Alternatively a system of permanent Security Deposit can be instituted where each Registered Vendor will submit SD of suitable amount to be decided in consultation with IFA which will be kept valid during the currency of registration In such a system, there is no need for the vendor to submit SD each time for each Contract.

Inclusion of Liquidated Damage Clause In LPO

As per GOI Decision Para 8 of Rule 12 GFR, liquidated damage clause is applicable in all contracts. Local purchase order is also a contract. L.D. is recovered for delay due to defaults on the part of the contractor, @2% pm or part thereof, not exceeding 10% of total contract value LD cannot be waived without concurrence of local IFA.

Amendments To Local Purchase Orders With Concurrence Of IFA

No purchases can be made without inviting tenders except Forests and Jails. A tender on acceptance becomes a contract. Any amendment to contract i.e. local purchase orders with regard to quantity, rate, delivery period, payment terms, having financial bearing, require prior concurrence of CDA/IFA or representative of CDA /IFA.

The UO no. and date of IFA is to be invariably prominently shown on supply order as well as amendments to supply order.

Association Of LAO In Tendering At EDs/BRDs In Local Purchases Cases Beyond The Financial Power Of AOCs/COs

In cases of local purchases beyond the financial powers of AOCs/COs, where tenders are being invited by Unit authorities, LAO is to be involved in all stages right from the stage of acceptance of necessity, determining mode of tendering, selection of vendors to participation in TPC/PNC, though concurrence will be accorded by appropriate IFA as per delegation of financial power. **This is applicable in cases where financial powers of higher CFAs are with financial concurrence of higher IFAs.**

11 **Procedure**: -The user section is to raise a local purchase proforma (LPP), which should give the following details. **This should be submitted to both IFA and CFA, where such financial powers are with concurrence of IFA, before issue of TE. IFA will examine the same from acceptance of necessity.**

a) Details of items required (including specific brand) with justification of the requirement.
(b) Qty of item required.
(c) Assessed/expected cost of items
(d) Non-availability from stores.
(e) Reason why item is to be procured locally eg. Urgently required, commonly available, demand not materialised etc.
(f) User should certify that qty being procured is barest minimum.

(g) Proprietary article certificate if applicable duly countersigned by Section Commander/Director is to be enclosed in case proprietary purchase is proposed.

12 The S Lgs O will provide LPPs for commonly available items required. The LPP should provide following details.

(a) Details of items required.

(b) Qty of item required to be procured which should be based on following.
  (i) Scale/maximum establishment
  (ii) Stocks
  (iii) Dues in, if any
  (iv) Net requirement

(c) Last purchase price if available with year of purchase. If annual contract is finalized the contract approved rate is to be quoted.

(d) Proprietary article certificate if applicable.

13 In case Air HQ/Command HQ authorizes procurement of an item through local purchase, the local purchase proforma is to be raised by the S Lgs O. Air HQ/HQ MC while authorizing any such purchase is to clearly give the following details:-

(a) Approval of AHSP

(b) Inspection agency

(c) List of all firms registered with AHSP/Air HQ/HQ MC for purchase of the item. The words "Likely source of supply" are not to be used while decentralizing such purchase. In case only one firm is registered proprietary purchase should be authorized.

Where sanctions are issued with concurrence of IFA at Air HQrs/Commands, local IFA is to be invariably associated in tendering/contracting and post contract management.

14 **<u>Budget:</u> - Budgetary control is to be done by Senior Accounts Officer for the full financial year. He is to maintain budgetary expenditure and commitment register for .all code heads under which funds are allocated to the unit. Parallel budgetary registers are not to be maintained by the purchase register since full responsibility of budgetary control is of the Senior Accounts Officer. He will render monthly expenditure report to local IFA, endorsing copy to CDA (AF)/JCDA (AF) as the case may be, including latest allotment against various code heads or any other information required by local IFA.**

15 **<u>Code head:</u> The expenditure shall be incurred to respective local code head of the revenue budget.**

16 **<u>Budget Projection</u>**: Budget projection will be made by SAO of Units based on

following inputs.

(a) Expenditure details based on its budgetary control register.

(b) Commitment details based on its budgetary control register.

(c) Additional funds requirement for current year and funds requirement for next year is to be obtained from respective purchase officers. LAO, being local IFA is to be associated in entire budget exercise

The compiled details are to be projected to command HQ as per Appendix "B' to IAP 0152 who is further to consolidate and forward the details to Dte Fin (P) at Air HQ. The responsibility of preparation of budget estimates and the general rules to be followed are given in FR GFR and DFPR etc. The time schedule for submission is to be done as per existing Govt. orders /guidelines.

17 D Fin (P) will make bulk allocation to all command HQ. Command HQ will further make allotments to units endorsing ink signed copies of allotment to IFAs and CDA AF)/ JCDA (AF) as the case may be.

18 **PAYING AUTHORITY AND MODE:** The payment will be made by accounts officer in the unit by cheque as and when the bills are submitted along with the contractors' bill (IAFA-68 revised) dully vetted and signed by the logistic Officer. It is the responsibility of the Accounts officer to ensure that funds are available before making payment. All third party payments are to be made through Contractors bill.

19 DIFFERENCE OF OPINION BETWEEN CFA AND IFA: In matter within the delegated powers, it is open to the CFA to overrule the advice of IFA by an order recorded in writing containing the gist of objections of IFA and reasons for overruling advice. A copy of the order overruling financial advice will be endorsed to the next higher CFA and IFA. In such cases, the local IFA should also be intimated. It will be open to the IFA to report the matter to the next higher IFA for perusing the matter with the higher CFA or dropping it as deemed fit, (Refer para 2 (b) of Govt. OM No.10 (3)/02-D (Air-II) Dt:- 01/04/2002).

20 **CHECK LIST FOR CFA AND IFA:** -It is entirely the responsibility of local purchase officer to submit the following information along with necessary documents for consideration of IFA and CFA.

a. **The items are authorised for Air Force Equipments.**
b. **Items are urgently required.**
c. **Items are not available in unit/ED.**
d. **Items cannot be obtained expeditiously from normal source of supply.**
e. **LP is resorted to in exceptional cases and not as a matter of routine.**
f. **Purchase proposal is within the delegated financial powers of IFA and CFA.**

g. **Whether CST has been signed by authorized gazetted officer and ranking statement has been vetted by IFA/rep of IFA.**
h. **Tender-opening has been conducted properly by board of officers including rep of IFA in presence of authorized representatives of firms.**
i. **Where the financial powers are with concurrence, it is to be ensured that the concurrence of the IFA has been obtained right from the acceptance of necessity, determining the mode of tendering, selection of vendors, vetting of draft tender & CST, TPC/PNC (in case of purchased exceeding Rs.1 lakh etc).**
j. **Competitive tenders/quotations have been invited as per rules.**
k. **If the items are required for stock, then they are not to exceed more than three months requirement.**
l. **Items are not of short shelf life and not likely to be unfit in store.**
m. **Scales laid down are not exceeded.**
n. **Local purchase order has not been split up to avoid necessity of obtaining sanction from higher authority.**
o. **Where higher rates are accepted, reasons in detail are to be given by TPC before accepting the tender other than L1.**
p. **Sanction from higher authority is obtained where such sanction is required to be obtained whenever it exceeds the delegated financial power of local IFA and CFA.**

21 **Audit of sanctions** : - Ink signed copy of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA (AF) /JCDA (AF) for audit of sanctions. Ink signed copy of Supply Orders endorsed to CDA (AF) /JCDA (AF) for audit of sanctions, at the time of placement of Supply Order.

Necessary Subject file containing **Original tenders/quotations, CSQ,NA certificate and other supporting documents should be made available to CDA (AF)/JCDA (AF) for audit of sanctions.**

This is separate from post-audit which is to be undertaken by CDA (AF) /JCDA (AF) after payment by AF Accounts Branch.

22. Post-Audit: After payment by IAF Account Branch,the following documents are to be invariably submitted to CDA (AF) /JCDA (AF) for audit viz.

i) Original copy of the Supply Order duly enfaced with ' Paid and Cancelled `
ii) Contractor`s bill (IAFA 68 Revised)
iii) CRV/A&I Note
iv) Inspection Note
v) Guarantee/Warranty Certificate where applicable.
vi) CST alongwith original Quotations/Tenders.
vii) Minutes of the TPC/PNC where applicable.

viii) Copies of amendments including DP extensions.

The post-audit function is different from audit of sanctions, which is undertaken immediately after issue of sanctions/supply orders. On the contrary, post-audit is undertaken after payment is made.

23 Time schedule for processing the case.

(a) Filling up details by S Lgs O *in* LPP	1 working day
(b) Filling up of details in LPP by SAO	1 working day
(c) Financial vetting by IFA	5 working days
(d) Floating of quotations	Within 2 working days of Approval of IFA & CFA
Preparation of CSQ and submission of CLPC proceeding to IFA and CFA	Within **5** working days from the date of Opening of Tenders.
Placement of order	Within 2 working days of Concurrence of IFA and approval by CFA.

SOP FOR LOCAL PURCHASE OF MEDICAL STORES

1. RANGE: All medical stores (Expenditure & Non Expendable).

Note: Purchase word includes purchase and urgent repairs.

2. OCCASIONS: Local purchase of medical stores can be resorted to: -

(a) For all items of expendables/non expendables PVMS and Non PVMS medical stores which are authorized items and are urgently required and are neither available through service sources nor can be expeditiously made available from service sources.

(b) For all medical stores wherein Command HQ/Air HQ authorize local purchase of medical stores normally procured through Central Sources.

(c) The urgent repair through civil sources will be done with the aim to keep the medical equipment held by hospitals/units in a functional state at all time if local EME workshops repair facilities are inadequate or not available.

3. PROCEDURE

(A) PROCUREMENT OF EXPENDABLE MEDICAL STORES

(i) Emergency Purchases: Authority : RMS AF 1983 Para 576(a) read with Para 047(I)- PVMS items in an emergency and Non PVMS items considered absolutely essential for the treatment of the patients. These may be purchased out of the Medical Stores local purchase grant paid out of unit's Medical stores local purchase grants,

(a) Every year in the month of Feb a BOO will be detailed by the Hospital/unit authorities for **estimating requirements of expendable medical stores which are urgently required on day-to-day basis for a financial year.**

(b) SOC for inviting tenders, mode of tendering and opening of tenders will be prepared by IAF Hospital authorities. This will be **put up to IFA before issue of TE in case the financial powers are with concurrence of IFA.**

(c) TPC will decide supplier the one, who gives maximum discount on the Maximum Retail Price (MRP) i.e. L-1 after taking discount into consideration and other factors and contract will be valid for one year and will be annual rate contract.

(d) In case of annual rate contracts, **CFA and IFA will be determined with reference to value of estimated annual requirements of the year.**

(e) Approved copy of the TPC will be forwarded to PMO of the controlling Command HQ and for the units under Air HQ, Med-2 Section at Air HQ for record purpose. In cases, where financial powers are with concurrence of IFA, the case will be **submitted**

through IFA, who will **vet the draft S.O. and accord concurrence,** after examining the case.

(f) SMO/O i/c Medical Stores will place supply order from time to time to supplier for the supply of expendable medical stores, if it falls within financial powers without concurrence. **If it is with concurrence, concurrence of IFA will be obtained before placing Supply Order.**

(g) If a contractor fails to provide the required stores on time, contract with him can be terminated **with concurrence of IFA.**

(h) Bulk Purchases: Authority: RMS AF 1983 Para 576(b) – When PVMS items are not available from the dependent AFMSD. Purchase will be made against non-availability certificate from the AFMSD. These bills will be passed to the AFMSD, which will forward them to the CDA for payment. Quantity purchase will not exceed two months requirements or Rs.10,000/- whichever is less for hospital of 400 beds and above and for remaining units one month's requirement at a time as per instructions laid down in "Indenting Procedures" issued by the Office of the DGAFMS.

(i) **SOC** for necessity, obtaining tenders and opening of tenders will be submitted to CFA and IFA (where financial powers are with concurrence).

(j) Following documents will be forwarded to CDA for payment through AFMSD.

i. TPC Proceedings
ii. Copy of Supply Order
iii. Bills in triplicate
iv. NA Certificate from dependent AFMSD.
v. CRV and other supporting documents.

The UO No. and date of IFA will be invariably indicated in S.O.

(B) PROCUREMENT OF NON EXPENDABLE MEDICAL STORES

(a) Medical stores will be procured in consultation with IFA wherever required subject to fulfillment of the following conditions: -

i. The eqpt should be PVMS/Non PVMS medical stores
ii. Non-availability should have been endorsed on the units indents by the AFMSD.
iii. A certificate by SMSOs/Specialists that the eqpt is urgently required for smooth functioning of unit/hospital.
iv. Budget provisioning should have been made.

(b) Powers to be exercised with IFA/CDA concurrence: In all cases where powers in respect of purchase of medical stores required sanction of the Competent Financial Authority with IFA/CDA concurrence, as enumerated in Schedule VOIII of FR Part I Vol.II, the case will be forwarded to IFA/CDA as case may be through proper channel for their concurrence along with the documents mentioned below. However, the case where concurrence of IFA/CDA is not mandatory under above referred Schedule, the Competent Financial Authority will accord sanction following normal procurement procedures and the case does not require to be forwarded to IFA/CDA concurrence. The documents required to be accompanied with the case for submission to IFA/CDA before issue of TE.

i. SOC along with QR
ii. Indent marked N/A by AFMSD.
iii. A certificate by Commandant/OC Hospital/SMO/Specialist that the stores are urgently required for the smooth functioning of unit/hospital.
iv. Draft Tender Enquiry,
v. List of Vendors
vi. Proprietary article certificate (PAC) if applicable duly counter signed by SMO/OC is to be enclosed in case of proprietary purchase.

(c) After opening of tenders, CST will be prepared. Where rates are not considered reasonable, PNC will be conducted with L1 firm, associating IFA. Thereafter, the subject file along with tenders/quotations, CST, minutes of PNC/TPC where conducted and draft S.O. will be submitted to IFA for concurrence before it is submitted to CFA for sanction.

(d) After the concurrence of IFA, supply order will be placed indicating UO No. and date of IFA. At the time of payment, Contractor's bill (IAFA-68) along with CRV and other supporting documents will be forwarded to the Unit accounts officer for payment and the unit will intimate receipt of the stores to the respective AFMSD. Command HQ and Air HQ.

(e) Normal local purchase order/S.O. containing standard terms and conditions will be placed on supplier/contractor as in case of local purchase. Standard TE will be followed for inviting tenders as in local purchase. UO No. and date of IFA, where issued with concurrence is to be clearly indicated on S.O.

(f) <u>Audit of Sanctions:</u> All sanctions/supply orders/minutes of TPC/PNC with or without concurrence will be subject to audit of sanctions by CDA (AF)//JCDA (AF).. All relevant files including supply order, CST, original Quotations and Concurrence note of IFA, where applicable will be made

available by executive authorities to CDA (AF)/JCDA (AF) for audit of sanctions. Ink signed copies of all sanctions/ SO will be endorsed to CDA (AF)/JCDA (AF).

This is separate from post-audit which is to be undertaken by CDA (AF)/JCDA (AF) after payment by AF Accounts Branch.

Name of the Unit

Address

NAME OF THE VENDOR / FIRM: **No._____Dt.__**
MAILING ADDRESS:

LOCAL PURCHASE ORDER / ACCEPTANCE OF TENDER

1. It is hereby communicated that your quotation vide letter no. _____ DT. _____ has been accepted for items of following specifications with standard terms & conditions mentioned herein.

SCHEDULE OF REQUIREMENT: -

SL NO (1)	SEC/REF NO. (2)	DESCRIPTION (3)	QTY EA (4)	UNIT/BASIC PRICE IN Rs (5)	ED (6) %	VALUE

SALES TAX (7)		CST (8)		SC/MST/UPTT (9)		ANY OTHER TAXES (10)		ANY OTHER CHARGES (11)	TOTAL AMOUNT (12)
%	VALUE	%	VALUE	%	VALUE	%	VALUE		

(a) **Specification No:**
(b) **Type approval/LCA No:**

2. **INSPECTION AUTHORITY: CQA, UNIT**

3. **PLACE OF INSPECTION:** At Firm's / Consignee's premises.

4. **Specifications** mentioned against item, may be obtained on payment from the Inspection Authority / Inspection Officer, if required.

5. **IDENTIFICATION AND PACKING INSTRUCTION**: The stores shall be securely packed as per relevant clauses of the specification without any additional cost to the Government to avoid loss or damage during transit so as to reach the consignee in perfect serviceable condition and fit for the condition.

6. **MODE OF DESPATCH: BY ROAD / RAIL.**:- The stores shall be dispatched to the consignee by the supplier on his own arrangement. In case FOR is other than the consignee, the stores be dispatched by Road / Rail as deemed fit.

7. **TERMS OF DELIVERY: F O R DESTINATION**: - CONSIGNEE UNIT

8. **DELIVERY SCHEDULE: (THE ESSENCE OF THE CONTRACT):** 1 month

from the date of supply order.

9. **SECURITY DEPOSIT**: - **Every Contractor shall deposit security deposit** at the rate of 5% (five percent) of the total value of each contract they secure **before or within 20 days of the receipt of acceptance** of **tender** along with acknowledgement copy of Supply Order, failing which the Purchaser may cancel the contract and invoke where such other remedies as may be open to the purchaser including Contractor's **deregistration**.

10. The security deposit would be in any of following approved forms **in favour of IFA/CDA(AF)** and should be valid during the currency of contract unless otherwise specified viz,

Bank Deposit Receipts or Fixed deposit receipts or Demand Drafts or bank guarantee of any of the scheduled commercial banks, NSC or KVP on post office cash certificates or any other approved securities.

11. If the Contractor fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the purchaser to forfeit either in whole or in part, the security deposit furnished by the Contractor. Save as aforesaid, if the contractor duly performs and completes the contract in all respect and presents absolute **"NO DEMAND CERTIFICATE "** in the prescribed form and returns in good conditions, the specifications, drawing and samples or other property belonging to the purchaser, the Purchaser shall refund the security deposit to the contractor after deducting all costs and other expenses that the purchaser may have incurred and all does and other moneys including all losses and damages which the purchaser is entitled to recover from the Contractor.

12. **FAILURE AND TERMINATION**: If the contractor fails to deliver the stores or any installment thereof within the period fixed for such delivery or at any time repudiates the contract before the expiry of such period, the Purchaser may without prejudice to the right of the Purchaser to recover damages for breach of the contract. Recover from the contractor as agreed liquidated damages including administrative expenses and not by way of penalty a sum equivalent to **2% of the price of any stores which the contractor has failed to deliver within the period fixed for delivery in the schedule for each month or part of a month** during which the delivery of such stores may be in arrears where delivery thereof is accepted after expiry of the aforesaid period, provided that the total damages so claimed **shall not exceed 10% of the total contract price.**

13. **OPTION CLAUSE:-** The purchaser reserves the right to **increase or decrease the contracted quantity upto 25%** that may be ordered at the same rates and on the same terms & conditions at any time during the currency of the contract.

14. **Paying Officer: - Senior Accounts Officer** ,IAF Unit

(b) Head of Account: MAJOR HEAD:
MINOR HEAD:
CODE HEAD:

15. **TERMS OF PAYMENT**:- 100% payment within 30 days of receipt of materials in acceptable condition on submission of following documents viz,

1. Contractor's bill (IAFA-68 revised)
2. **Original Supply Order**
3. Guarantee / Warranty Certificate
4. Article in Use Note & Inspection note / Documentary proof of receipt
5. ED / ST Certificate where applicable

6. Or any other document as required as per Tender

16. **WARRANTY / GUARANTEE CLAUSE:** The contractor/seller here by will submit a certificate declaring that the goods, stores articles sold / supplied to the purchaser under this contract shall be of the best quality and workmanship and new in all respects and shall be strictly in accordance with the specification and particulars contained/mentioned in this contract. The contractor/seller hereby guarantees that the said goods/stores/articles would continue to the description and quality aforesaid for a period of twelve months, from the date of delivery of the said goods/stores/articles to the purchaser and will rectify any defect or defects free of cost during aforesaid warranty period.

17. **ARBITRATION:** All disputes, differences or questions between the parties prior to touching the subject matter of the agreement or the respective rights or duties or liabilities of the parties under /or in respect of this agreement shall be referred to the sole arbitration of the Air Officer Commanding /Commanding Officer of Unit, Indian Air Force or person appointed by him on his behalf and the decision of such arbitration shall be final and binding on both the parties. The venue of arbitration shall be the place from which formal acceptance of tender is issued or such other place as the AOC/ CO /OC at his discretion may determine.

18. **JURISDICTION OF COURTS:** The courts of the place from where the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.

This has the concurrence of IFA / Unit vide FC no. _____ DT. _____

Signature of the Purchase Officer

Copy to:

LAO(AF) 26ED, Bangalore	**(Concerned IFA)**
Jt.CDA(AF), Nagpur	**(For post-audit of vouchers and audit of sanctions)**
HQMC,IAF	**(budget holder)**

Signature of the Purchase Officer

Name of the unit
NAME OF THE VENDOR / FIRM:

No. _____Dt:_

MAILING ADDRESS:

LOCAL PURCHASE
TENDER ENQUIRY

1. **Sealed Tender** to reach this Unit by 10.00 Hours on or before 31st **JULY 2002.** The sealed tender should be dropped in the **sealed tender box** in the unit. **No responsibility will be taken by the unit for postal delay / non-receipt of tenders. Fax Quotations / Telegrams will not be considered.**

(a) Time and date of opening of the Sealed Tender: 12.00 Hours on 31 **July 2002. The sealed quotations will opened in the presence of bidders / authorised representatives of bidders.**

(b) **Validity:** Tender shall remain **open for acceptance for 30 days** from the date of opening i.e. up to

(c) Tenderer's_____
Quotation No_____
dated_____
Tel. No._____ Fax No._____ E-Mail_____

(d) **SCHEDULE OF REQUIREMENT**: -

SL NO (1)	SEC/REF NO. (2)	DESCRIPTION (3)	QTY EA (4)	UNIT/BASIC PRICE IN Rs (5)	ED (6) %	VALUE

SALES TAX (7)		CST (8)		SC/MST/UPTT (9)		ANY OTHER TAXES (10)		ANY OTHER CHARGES (11)	TOTAL AMOUNT (12)
%	VALUE	%	VALUE	%	VALUE	%	VALUE		

(f) **Specification No:**
(f) **Type Approval / LCA No:**

NB: Please quote rates in figures as well as in words. **Unit basic price and all Government duties and taxes** should be indicated separately. Government duties / taxes etc should be specified and spelt out clearly giving the current rate applicable.

19. **INSPECTION AUTHORITY**: **CQA, UNIT**

20. **PLACE OF INSPECTION:** At Firm's / Consignee's premises.

21. **Specifications** mentioned against item, may be obtained on payment from the Inspection Authority / Inspection Officer, if required.

22. **IDENTIFICATION AND PACKING INSTRUCTION**: The stores shall be securely packed as per relevant clauses of the specification without any additional cost to the Government to avoid loss or damage during transit so as

to reach the consignee in perfect serviceable condition and fit for the condition.

23. **MODE OF DESPATCH: BY ROAD / RAIL**:- The stores shall be despatched to the consignee by the supplier on his own arrangement. In case FOR is other than the consignee, the stores may be dispatched by Road /Rail, as deemed fit.

24. **TERMS OF DELIVERY: F O R DESTINATION**: - CONSIGNEE UNIT

25. **DELIVERY SCHEDULE: (THE ESSENCE OF THE CONTRACT):** 1 month from the date of supply order.

26. **SECURITY DEPOSIT**: - **Every Contractor shall deposit security deposit** at the rate of 5% (five percent) of the total value of each contract they secure **before or within 20 days of the receipt of acceptance** of tender along with acknowledgement copy of Supply Order, failing which the Purchaser may cancel the contract and invoke where such other remedies as may be open to the purchaser including Contractor's deregistration.

27. The security deposit would be in any of following approved forms **in favour of CDA(AF)/IFA** and should be valid during the currency of contract unless otherwise specified viz,

Bank Deposit Receipts or Fixed deposit receipts or bank guarantee of any of the scheduled commercial banks, NSC or KVP on post office cash certificates or any other approved securities.

28. If the Contractor fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the purchaser to forfeit either in whole or in part, the security deposit furnished by the Contractor. Save as aforesaid, if the contractor duly performs and completes the contract in all respect and presents absolute **"NO DEMAND CERTIFICATE "** in the prescribed form and returns in good conditions, the specifications, drawing and samples or other property belonging to the purchaser, the Purchaser shall refund the security deposit to the contractor after deducting all costs and other expenses that the purchaser may have incurred and all does and other moneys including all losses and damages which the purchaser is entitled to recover from the Contractor.

29. **FAILURE AND TERMINATION**: If the contractor fails to deliver the stores or any installment thereof within the period fixed for such delivery or at any time repudiates the contract before the expiry of such period, the Purchaser may without prejudice to the right of the Purchaser to recover damages for breach of the contract. Recover from the contractor as agreed liquidated damages including administrative expenses and not by way of penalty a sum equivalent to **2% of the price of any stores which the contractor has failed to deliver within the period fixed for delivery in the schedule for each month or part of a month** during which the delivery of such stores may be in arrears where delivery thereof is accepted after expiry of the aforesaid period,

provided that the total damages so claimed **shall not exceed 10% of the total contract price.**

30. **OPTION CLAUSE:-** The purchaser reserves the right to **increase or decrease the contracted quantity upto 25%** that may be ordered at the same rates and on the same terms & conditions at any time during the currency of the contract.

31. Unsolicited Letters/Canvassing/Post tender corrections: Canvassing by tenderers in any form including unsolicited letters on tenders submitted or post tender corrections shall render their tenders liable for summary rejection.

32. **Paying Officer: - Senior Accounts Officer** IAF Unit

(b) Head of Account:

MAJOR HEAD:
MINOR HEAD:
CODE HEAD:

33. **TERMS OF PAYMENT**: - 100% payment within 30 days of receipt of material in acceptable condition. **Non-acceptance of payment terms could entail rejection of tenders.**

34. **WARRANTY/GUARANTEE CLAUSE:** The contractor/seller here by will submit a certificate declaring that the goods, stores articles sold/supplied to the purchaser under this contract shall be of the best quality and workmanship and new in all respects and shall be strictly in accordance with the specification and particulars contained/mentioned in contract. The contractor/seller hereby guarantees that the said goods/stores/articles would continue to the description and quality aforesaid for a period of twelve months, from the date of delivery of the said goods/stores/articles to the purchaser. and will rectify any defect or defects free of cost during aforesaid warranty period.

35. **ARBITRATION:** All disputes, differences or questions between the parties prior to touching the subject matter of the agreement or the respective rights or duties or liabilities of the parties under /or in respect of this agreement shall be referred to the sole arbitration of the Air Officer Commanding /Commanding Officer of Unit, Indian Air Force or person appointed by him on his behalf and the decision of such arbitration shall be final and binding on both the parties. The venue of arbitration shall be the place from which formal acceptance of tender is issued or such other place as the AOC/ CO /OC at his discretion may determine.

36. **JURISDICTION OF COURTS:**

The courts of the place from where the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.

Signature of Purchase Officer
Name of the Unit

Schedule-VIII-(B)

Powers to purchase ATG /MTG items (Per Transaction)

STANDARD OPERATING PROCEDURE (SOP) FOR EXERCISING FINANCIAL POWERS RELATING TO PURCHASE OF ATG / MTG ITEMS (Schedule VIII- B)

1. The financial powers to be exercised by different Air Force Authorities for purchase of ATG/MTG items are laid down in GOI, MOD letter No. 10(3)/02-D (Air-II) dated 01 Apr 2002 (Annexure VIII) circulated by Air HQ letter No. Air HQ/95307/480/Fin P dated 19 Apr 2002.

2. A list of items that can be purchased out of ATG Code Head 786/19 is given in the MOD letter No. Air HQ/18517/8/Trg/931/US-I/D(Air-iv), dated 28/03/2002 by Air HQ letter No. Air HQ/18517/8/Policy/Trg dated 01/04/02

3. The case for procurement under ATG/MTG items is explained as follows: -

Power to purchase ATG/MTG listed items (per transaction)

FINANCIAL LIMITS

	Competent financial Authority	Without IFA concurrence	With IFA(Air HQ)**/JCD(AF) Concurrence
I	AOP	Rs.1,00,000/-	Rs.10,00,000/-
II	AOC-in-C All Commands	Rs.1,00,000/-	Rs.10,00,000/-
III	IAF Trg Establishment Commanded by Air Cmde and above	Rs.60,000/-	Rs.1,20,000/-
IV	IAF Trg Establishment Commanded by Gp Capt and below	Rs.30,000/-	Rs.1,20,000/-
V	AOC Self Accounting Establishments	Rs.30,000/-	Rs.1,20,000/-
XI	OC(below Air Officer Rank) Self Accounting Establishments	Rs.15,000/-	Rs.60,000/-

These powers pertain to a per transaction but purchase of similar items should not be **split to bring it within the financial powers of local CFAs or to evade the financial concurrence of appropriate IFA.**

****(IFA (Air HQ) for Commands (WAC, SWAC, CAC and EAC) and JCDA (AF) for Commands (TC, MC & SAC)**

WITH IFA /JCDA (AF) CONCURRENCE (LISTED ATG ITEMS)

4. Prior concurrence of JCDA (AF)/IFA concerned is mandatory for exercising powers as given above by different Air Force Authorities. These powers shall not be exercised in anticipation of JCDA (AF)/IFA's concurrence.

Where financial powers of CFA are **with concurrence of IFA/CDA, IFA/CDA are to be associated in all stages of procurement activity**.

i) **Acceptance of necessity.**
ii) **Selection of mode of tendering i.e. OTE/LTE/STE at the time of TE stage.**
iii) **Approval of sources in case of LTE and STE/Selection of vendors.**
iv) **Vetting of draft tender enquiry.**
v) **Participation in Tender opening and vetting of CST.**
vi) **Participation of TPC/PNC at units.**
vii) **Vetting of draft supply orders and recording of FC NO & Date.**
viii) **Concurrence of DP Extension, waiver of LD and security deposit.**
ix) **Concurrence of Amendments to contracts.**

5. All standard terms and conditions of contract such **as payment terms, paying authority, security deposit, arbitration clause, terms of delivery, delivery period, liquidated damage, force majeure clause(this clause will not form part of TE but will be incorporated in supply order if insisted by supplier), inspection etc are to be clearly indicated in Tender Enquiry and supply order.**

The UO No. and date of IFA/CDA are to be prominently shown in supply order.

6. **VETTING OF DRAFT TENDERS AND DRAFT SUPPLY ORDERS:**

Tenders are to be invariably obtained to make local purchases as per laid down as per laid down procedures in GFR/FR/DFPR and MOD letters. Draft tender enquiries are to **be vetted by IFA/CDA before issue**.

In case of limited tender enquiry, **the list of vendors is to be invariably approved by CFA and concurred by IFA/CDA**. L.T.E for purchases exceeding **Rs.80000/- upto Rs.8 lakhs** will be issued with the **prior concurrence** of CDA /IFA /rep. Of CDA. Purchases through competitive prices quoted by reputed dealers/ Kendriya Bhandar/NCCF etc. are to be adhered to. Air HQ letter No. Air HQ/18502/53/Trg/BM. Dated 5/2/2002 refers. **The draft supply order is to be vetted by IFA/CDA.**

7. **TPC/PNC:**

In all cases of purchases **with or without financial concurrence** exceeding Rs. 1 lakh, TPC/PNC are to be invariably constituted as per MOD guidelines associating amongst others **IFA/CDA**.

The brief for TPC/PNC are to be sent to **IFA/CDA/Rep of CDA 3 working days in advance**. Price negotiations with L1 firm will be conducted with prior concurrence of CDA/IFA or his representative, where rates are not considered reasonable or competition is inadequate etc. IFA/CDA/Rep of CDA is to be invariably associated in such price negotiations.

The minutes of TPC/PNC will be signed by **all members, including Rep of CDA/IFA.**

8. When the cost of items exceeds the power of CFA, the case in the form of SOC alongwith Acceptance of necessity certificate by AOC-in-C, Command/PSO at Air HQ is to be raised in two copies and forwarded to IFA/JCDA (AF) through x O I/C ATG i.e. ATG for concurrence upto financial limit of Rs.10,00,000/- As regards cases belonging to Dtes of Air HQ/Units directly under Air HQ, the cases should be routed through Dte of Trg.

9. **PURCHASE OF UNLISTED ITEMS:**

Powers to Purchase unlisted items	Without IFA concurrence	With IFA/ JCDA (AF) concurrence
AOC-in-C (WAC,SWAC,CAC,EAC,SAC and MC)	Less than Rs,1,000/-	NIL
AOC-in-C, Training Command	Rs.50,000/-	Rs..2,00,000/-

Any item costing less than Rs. 1,000/- which is not listed in Appendix B to GOI MOD letter No. Air HQ/18517/8/Trg/931/US-!/D(Air-IV) dated 28th March 2002 and considered essential for training, can be procured locally only after the necessity for procurement of the items out of ATG/MTG has been accepted by the concerned PSO in respect of units under Air HQr/branches of Air HQr. Similarly for units/ formations under Command HQrs, necessity for procurement of the item out of ATG/MTG has to be accepted by AOC-in-C Command concerned.

10. Cases for procurement of ATG/MTG items costing Rs.1, 000/- or more which are not listed in Appendix B to GOI MOD letter No. Air HQ/18517/8/Trg/931/US-!/D(Air-IV) dated 28th March 2002 and which are considered essential for training must be referred to Government for purchase of items after their necessity for procurement has been accepted by concerned PSO in consultation with IFA Air HQr in respect of units under Air HQR/Branches of Air HQr. Similarly, for units/formations under Command HQr, sanction of MOD is to be obtained for purchase of the items after necessity for purchase of such items has been accepted by AOC-in-C of the Command concerned **with concurrence of IFA/CDA.**

As regards, AOC-in-C Training Command, the financial powers to purchase unlisted items are Rs. 50,000/- without IFA concurrence. However, the financial limit is 2 lakhs. When the financial powers are exercised with IFA/JCDA (AF) concurrence.

11. **PREPARING THE CASE FOR PROCUREMENT OF UNLISTED ITEMS:**

When it exceeds the financial powers of Air Force Authorities after opening of tender, sanction of MOD is to be obtained for which SOC in duplicate is to be raised. SOC must contain the following.

a) Confirmation regarding availability of funds out of ATG Code Head 786/19.

b) Acceptance of necessity certificate by PSO of Branch concerned/AOC-in-C, as the case may be, alongwith **views of respective IFA/CDA.**

c) Quotation from minimum four resgistered vendors including Kendriya Bhandar/NCCFI/OEM./RFQ. A non-availability certificate from Kendriya Bhandar/NCCFI if these agencies do not quote.

d) Comparative Statement of quotations received, with recommendation for procurement of item from a specific firm & reasons therefore with endorsement by CLP/Presiding Officer of the BOO. C.S.Q. **is to be vetted by IFA/CDA/Rep of CDA.**

e) If similar items has been supplied earlier, it has to be indicated clearly as to how these items are being utilised with indication about the utilisation of the proposed item.

f) No PNC/TPC is to be conducted strictly. Further action as to TPC/PNC/Re-tendering is to be done **only on receipt of instructions from MOD.**

g) Detailed justification and financial implications matching with the quotation/quotations.

INITIATION OF CASES FOR PROCUREMENT OF LISTED ATG ITEMS BEYOND THE POWERS OF AIR FORCE AUTHORITIES.

12. When the cost of the items **after opening of tender exceeds** Rs. 10,00,000/- or more under authorised/listed items, SOC in duplicate is to be initiated, with the **following documents** enclosed: -

a) Confirmation regarding **availability of funds** out of ATG Code Head 786/19.
b) Acceptance of necessity certificate by PSO of Branch concerned/AOC-in-C, as the case may be along with **the views of respective IFA/CDA/Rep of CDA.**
c) Quotation from minimum 4 registered vendors including Kendriya Bhandar/NCCFI/OEM/RFQ.In case Kendriya Bhandar/NCCFI does not quote **then a non-availability certificate is to be in variably obtained..**

d) Comparative statement of quotations received, with recommendation for procurement of item from a specific firm & reasons therefore with endorsement by CLP/Presiding Officer of the BOO Such **SQ should invariably be vetted by IFA/CDA/ Rep of CDA/IFA.**

e) No TPC /PNC should be conducted **after opening of tender.** The necessary action as to TPC / PNC/ re tendering will be initiated on receipt of necessary instruction from appropriate CFA / higher CFA within whose financial powers, it falls.

f) If similar items has been supplied earlier, it has to be indicated clearly as to how these items are being utilised with indication about the utilisation of the proposed item.

g) Detailed justification and financial implication matching with the quotation /quotations **as to reasonability of rates.**

13. GOVT SANCTION :

The case is moved for Govt. sanction. After Govt. sanction is accorded to a specific. proposal , sanction letter will be forwarded to all concerned including accounts/audit authorities by Dte. Of Trg.

Supply order will be issued by Unit/Dte /Command HQrs, the authority purchasing the item after **the draft supply order is duly vetted by IFA/CDA/Rep of CDA.**

Contractors bill (IAFA-68 revised) is to be raised by concerned unit in triplicate and sent to accounts authorities after receipt/installation of the items and other related documents. Items are to be BOC in the Register.

In such cases, where tendered rates exceed the financial powers of CFA **after opening of tenders, no TPC/PNC is to be conducted strictly. The proposal alongwith CST will be referred to MOD along with views of IFA/CDA for necessary directives.**

14. **Paying Authority :** In cases of supply orders placed by IAF authorities payment will be made by local AF Accounts Branch.

15. Audit of Sanction: All sanctions/supply orders/minutes of TPC/PNC with or without concurrence will be subject to audit of sanctions by CDA (AF)//JCDA (AF).. All relevant files including supply order, CST, original Quotations and Concurrence note of IFA, where applicable will be made available by executive authorities to CDA (AF)/JCDA (AF) for audit of sanctions. Ink signed copies of all sanctions/ SO will be endorsed to CDA (AF)/JCDA (AF).

16. Post-Audit: After payment by IAF Account Branch,the following documents are to be invariably submitted to CDA (AF) /JCDA (AF) for audit viz.

i) Original copy of the Supply Order duly enfaced with ' Paid and Cancelled

ii) Contractor`s bill (IAFA 68 Revised)

iii) CRV/A&I Note

iv) Inspection Note

v) Guarantee/Warranty Certificate where applicable.

vi) CST alongwith original Quotations/Tenders.

vii) Minutes of the TPC/PNC where applicable.

viii) Copies of amendments including DP extensions.

The post-audit function is different from audit of sanctions, which is undertaken immediately after issue of sanctions/supply orders. On the contrary, post-audit is undertaken after payment is made.

Schedule-VIII- (C)

Purchase of AOG/PHU/MCM items (Per Transaction)

BY AIR ATTACHES

1. The enhanced delegated Powers in respect of purchase of AOG/PHU/MCM items through Air Attaches are given at Schedule VIII (C) Appendix – II Part-III - Air Force – FR Part – I Vol –2 as amended vide GOI letters dated 01 Apr 02. These powers would be exercised as follows: -

(a) All AOGs would be procured under these powers where cost per indent/case does not exceed Rs 20 Lakhs. Maint cell is to confirm that purchase of these items on AOG fast track would lead to maximum recovery of ac.

(b) Incase of PHU/MCM items, HQ MC would indicate whether items are to be procured on fast track basis under powers delegated under schedule VIII (C) or through normal purchase procedure under schedule XII depending upon the urgency.

2. **Ranges Covered.** The various ranges of Air Force Equipment for which the Air Attaché's are authorised to procure spares are as follows: -

(a) Aircraft spares
(b) Aeroengine spares
(c) Breakdown spares of rotables / aggregates of aircraft
(d) Spares of Radar & Communication Systems
(e) Spares of GW systems
(f) Spares of any other equipment, the non-availability of which would directly affect the operational preparedness of the equipment/system.
(g) Technical documentation.

3. **Occasions When the Powers can be used.** The enhanced delegated powers can be used by the Air for procurement of AOG/PHU/MCM spares as authorised by the concerned CFA.

4. **Budgetary Support.** The code head, from which the expenditure on account of purchase of AOG/PHU/MCM spares is met, needs to be clearly defined in the proposal. The code head shall be the one allotted to the particular weapon system from the revenue code head.The budget requirement for AOG/PHU/MCM spares in the forthcoming financial year needs to be projected along with RE of the previous financial year by the Maint cell to DMA. DMA, at AIR HQ, after due vetting, is to allot the funds to all the Air Attaché's at the beginning of the financial year from within the total allocated budget and additional allotments can be made from within the revenue budget in the current year based on inputs in the PR/PRs/RE/MA and feed back of Air Attaches. The funds would be transferred from relevant revenue budget of the aircraft/system to code head 742/28. Allocation made to the Air Attaches would be under code head 742/28.

5. **Financial Powers (of Air Attaches under Sch VIII C)**

(a) Powers for purchase of AOG/PHU/MCM items	**Rs 5,00,000 (Without IFA Concurrence)**
(b) Powers for purchase of AOG/PHU/MCM items	**Rs 20 lakhs. (With IFA / CDA Concurrence)**

Procedures to be adopted

6 **For urgent and critical requirements costing less than Rs 5 Lakhs.** These cases will be handled by the Maint cells, who would interact directly with the concerned Air Attache

For cases from Rs 5 lakhs to Rs 20.00 lakhs

7. **Necessity angle approval:** The necessity angle approval for purchases to be undertaken under Sch VIII C would be accorded by a committee which would be constituted as follows

(a) **For cases from Rs 5 Lakhs to Rs 10.00 lakhs**

Director of the weapon cell - Chairman
Dy IFA - Finance Member
Specialist officer from the dealing maintenance cell

(b) **For cases from Rs 10.00 lakhs to Rs 20.00 lakhs**

ACAS of weapon cell - Chairman
IFA or his rep. - Finance member
Specialist officer from the dealing maintenance cell

8. The procedure for formulation of AOG/PHU/MCM requirements and the procedure for obtaining their necessity angle clearance are covered in GoI Air HQ/60260/29/LR/1516/USI/D Air IV dated 27 Jun 2001.

9. **Indent Number.** After obtaining the necessity angle approval the maintenance cell is to obtain the indent number from SUPPROS. SUPPROS is to ensure that numbers are sequentially given for each Air Attache separately. The indent number given should be such that the weapon system, the range of spares, the priority of the indent, the identity of the Air Attache etc are identified instantly.

10. **Authorization of purchase.** The indent (authority for purchase) is to be transmitted to the concerned Air attaché for procurement only at the level of Director of the concerned maintenance cell and not by any functionary placed below. The authority for purchase would be transmitted by Fax and also routed through the diplomatic bag. **Indents are to be transmitted to only one Air Attache for procurement.** In case of procurements warranting generation of competition between vendors of two different countries, the tender enquiries are to be floated by the maintenance cell only.

11. **Expenditure angle approval.** The expenditure angle sanction is to be obtained as per the guidelines provided in the Govt of India letter Air HQ/60260/29/IR/1516/USI/D (AIR IV) Dated 27 Jun 01. The expenditure angle is to be obtained by Air Attache Committee (up to Rs 20 lakhs). The team comprising of the Air Attaché and the counselor Coord (or any other independent officer with technical/procurement/financial background designated by the Ambassador) is referred to

as Air Attaché Committee or Air Attaché Purchase Committee in the Govt letter referred at Para 11 above.

12. The Air Attaché is to obtain quotations from the sources indicated in the indent by issuing tender enquiries. Quotations could be obtained from indicated sources by post. In case the prices indicated in the indent are based on the agreed price lists as approved by MoD, no quotations are to be obtained. The order should be placed based on the agreed price lists, incorporating standard terms and conditions of the contract.

13. After sealed quotations are obtained, the Air Attaché is to determine the L1 (only in cases where multiple vendors are involved) by preparing CST and ascertain reasonability of the quotations. In case the cost offered is reasonable and less than Rs 5 lakhs, the Air Attaché is to place the supply order on the firm incorporating standard terms and conditions of the contract and as per terms and conditions indicated in the indent. (As per MoD and CVC guidelines no negotiations are to be conducted in case cost offered is reasonable). Adequate reasons as to reasonability of rates are to be recorded. All sealed quotations are to be opened by BOO in presence of representatives of firms, bidding as per CVC guidelines.

14. If the order value is more than Rs 5 lakhs and less than Rs 20 lakhs the order is to be placed by the Air Attache only after consultation with the counselor Coord or any other independent officer with technical/procurement/financial background designated by the Ambassador for this purpose. This process of consultation is mandatory prior to placement of any order, which would also be treated as expenditure angle clearance.

15. In case quotations received by Air Attaché against TE are higher than the cost indicated in the indent by upto 5 %, the Air Attaché Committee is to prevail upon the firm to reduce the offered cost to the indent cost or less by conducting price negotiations. In case the firm accepts to reduce the costs to an amount equal to or less than the indent cost, the order is to be placed by the Air Attaché after due consultation with counselor co-ord. In case the firm does not agree to reduce the cost and the final offered cost is higher than the indent cost upto 5% of the indent cost and the offer is found to be reasonable by the Air Attaché committee, and the total cost does not exceed 20 lakhs, the order can be placed on the vendor by the Air Attaché duly recording reasons. In such cases immediately after placement of order, the Air Attaché is to advise the details to the Maintenance cell at Air HQ for obtaining ex-post-facto approval of the committee at Air HQ. The Maint cell at Air HQ would put up the case to IFA and CFA in the original file for seeking ex-post facto sanction within 7 days of receipt of details from Air Attaches, with details of the case and minutes of meeting/negotiations with the L1 vendor by Air Attache Committee. This should be done in exceptional cases where there is paucity of time to obtain the prior concurrence of IFA and approval of CFA at Air HQr before placement of supply order due to urgent and operational requirements. This is an exception but not a rule. Due and adequate reasons are to be recorded by Air Attache Committee.

16. In case quotes received by Air Attaché is higher than the cost indicated in the indent by more than 5% and it is not possible for the Air Attaché committee after a

dialogue with the L1 vendor to get the price reduced (indent cost +5% or less), the case with the best and final offer is to be referred back to the Maintenance cell at Air HQ. The Maintenance cell is to put up the case to the committee at Air HQ for consideration. After consideration, the committee at Air HQ would advise the Air Attaché (through the Director at the Maintenance cell) the further course of action.

17. In case the final offered cost exceed Rs 10 lakhs and the original indent cost which was approved by a committee at Air HQ headed by a director was less than Rs 10 lakhs, the Maintenance cell shall refer the best and final offer for reconsideration to the committee at Air HQ headed by ACAS and for concurrence of IFA Air HQr.

18. The communication to the Air Attache should be specific, unambiguous and crystal clear. In addition to the prices, the terms and conditions on which the contract/order is to be placed should be advised to the Air Attache.

19. In case Air Attaché's are not able to obtain quotes in spite of personal liaison, he may, in consultation with Counselor Coord / designated officer, expand the list to include established vendors. However this should be resorted to in exceptional cases and not as a rule. Higher prices from the OEM should not be taken as an excuse to approach others (except established vendors) and such cases are to be referred back to the Maintenance cell for advice.

20. Air Attaché's are to endorse a copy of the supply order to the maintenance cell and IFA, Air HQr, in addition to the paying & Audit authorities (ink signed copies). The Maintenance cell is to update its records and advise HQ MC, MIS, concerned depot of the details of the orders. No advance payment is to be made by the Air Attache unless the general contract under which the order is being placed authorizes such advance payments. Air attaché is also authorised to make payments from the funds placed under his disposal as per laid down procedure against all such orders placed by him. Payments will be made by Air Attache only incases where Invoice/DBT payment is involved. Air Attache will effect payment against submission of at least the following documents: -

(a) Copy of Original Supply Order
(b) Invoice
(c) Proof of dispatch
(d) Specification certificate of quality for airborne items.
(e) Insurance documents in case of CIP dispatches.
(f) Packing note.

21. Air Attaches on receipt of dispatch details against their orders are to immediately advice the Maintenance cell, the AWB No or B/L No, its date and flight / shipping details. After payment, the copies of the invoice are to be endorsed to the concerned maintenance cell, MIS, Paying and audit authorities by the Air Attache.

22. Directorate of MIS is to forward two monthly summaries to all the Air Attaches, HQ MC and the concerned dealing directorates. The first summary should be giving

details of all the indent numbers allocated during the month for the particular Air Attache and the concerned dealing directorate. The second summary should contain the details of the items received and payment effected by each Air Attache.

23. **Time Limit**. The following time limit should be adhered to in cases dealt by Air attaché.

(a) Time by which quote should be obtained by Air (Attache -15 days from the receipt of indent or 20 days from the date of the indent number given by MIS.

(b) Finalization of offer and placement of supply order/conclusion of contract-22 days from the receipt of indent or 27 days from the date of indent number given by MIS, This is subject to the presumption that offer received is unambiguous and clear.

(c) If any clarification is required by the supplier, the same is to be obtained within one week from Air HQ by Air Attache. The time limit will therefore would be consequently shifted by one week.

(d) If the final and the best price available is more than 5% of the sanctioned price and the indent would have to be necessarily reverted to Air HQ, then the concerned Maintenance cell is to convene the concerned Air HQ committee within one week of receipt of such information by Air Attache. The status of the indent after the Air HQ committee meeting is to be intimated to Air Attache within 10 days receipt of enhanced prices. The time limit will therefore would consequently be shifted by 10 days.

(e) Air Attache should interact with the vendor and try and obtain the delivery schedule indicated in the indent by the maintenance cell. Reasons for a delivery schedule other than indicated in the indent should be accepted only with the explicit sanction of the indentor.

(f) Conditions mentioned in the general contracts existing with some of the vendors should be followed for urgent delivery of spares. The payments being carried out should also be based on these general contracts for urgent delivery.

34. **Policy letters to be reffered at**: -

(a) Air HQ/S 60260/29/IR/1516/USI/D (Air IV) dated 27 Jun 2001.

Policy letters Superceded and cancelled: Nil

Schedule-VIII- (D)

Issue of Direct Purchase Orders

Part II. Issue of DPO. (Schedule VIII D)

Range

1. These powers are to be utilized for all maintenance requirements related aircraft and weapon systems, it's associated support equipment, MT and also for clothing, Barracks equipment and all type of stores.

Procedure to be followed

2.. DPOs can be issued by HQ MC/Air HQ as part of procurement of indigenous items only against PR/SR/etc. as per SOP of schedule XII A to G. However in case procurement of item/s arises other than through PR/SR, the unit is to put up a detailed statement of case justifying the necessity and urgency of issuing a DPO. The powers to sanction to DPOs are vested with AOC-in-C HQ MC for decentralized ranges only and AOM at Air HQ upto a limit of Rs. 10 Lakhs in consultation with IFA/JCDA. Air HQ / MC are to accord necessity angle approval based on which a DPO is to be issued. Units / formations who are to procure the item are to follow normal local purchase procedure with LAO as member of TPC. Air HQ / MC are to endorse copy of DPO to LAO for advance information.

ACDA/ LAOs, being local IFAs, will be involved in all stages of procurement under DPOs viz. acceptance of necessity, determining mode of tendering, selection of sources in LTE, vetting of draft TE/draft Supply Order, TPC /PNC and in post contractual developments..

SCHEDULE: VIII (E)

SOP FOR FLOATING LIMITED TENDER ENQUIRY/SINGLE TENDER

1. **Occasions:** This provision is applicable for all local purchases done from public funds by all IAF units where the purchase is required to be done from the reputed firms/suppliers already listed/registered as reputed and approved suppliers. Procurements by central agencies like Air HQs, HQs MC and by depots against reviews, census, AOGs etc would be governed by provisions at footnote of schedule XII M and not this provision.

2. **Ranges:** All IAF stores and supplies, which are locally procured at IAF units.

3. **Scope:** The procedures detailed below apply to local purchase of stores under purchase of ATG/MTG items, purchase of AOG/PHU/MCM items and direct purchase orders under A, B, C, D, E of Schedule VIII.

PROCEDURE

4. **Registration of firms.** All self-accounting IAF units will, at least once a year, advertise in local as well as major (Zonal) newspapers seeking registration of firms. Registration of firms is to be done by operating unit as follows: -

(a) Separate registrations to be done for normal local purchase and for Annual Local Service Contracts.

(b) Registration is to be done separately for every range of items. No registration is to be done under range of "General Order Suppliers"

5. Based on response to the advertisement, Unit commanders are to detail an independent Board of officers including local IFA/representative of local IFA (of which Logistics Officers and Accounts Officers are not to be members) to review each request and suggest registration or non-registration of the firm with reasons thereof. The independent Board of Officers is to also review firms already registered and recommend their retention or deletion. The board is to obtain inputs on performance of already registered Vendors from the S Lgs O. While registering new firms the aspects like, the credibility of the firm, annual turn over, financial status, income tax returns etc needs to be verified by the Board of Officers. IFA, having knowledge of financial accounting and contracting rules and working experience of other Department of MOD may invariably be consulted in process of registration of vendors particularly w.r.t. verification of financial and commercial capabilities of vendors. As such registration work is a multi disciplinary and techno commercial exercise After the Board proceedings are approved by the unit commander, the S Lgs O of the unit is to implement the recommendations within 15 days of approval.

6. Ad-hoc registration during the year can be done on receipt of request from potential firms. Such ad-hoc requests are to be vetted by a standing independent committee, including IFA/representative of IFA designated by the unit commander. The independent committee is to be designated on an annual basis and should not include accounts and logistics officers. The recommendations of the independent committee are to be approved by unit commander for them to take effect. Whenever independent board is ordered for review, the vendors for registrations/Ad-hoc registration, copy to relevant orders be endorsed to local IFA.

7. OEMs (Original Equipment Manufacturers) and their authorized dealers do not get automatically registered. These firms are to be put up to the independent committee. S Lgs O can recommend the OEMs or his authorized dealers for registration when it is confirmed that it is the OEM. The limits specified for STE i.e. Rs.5000/- apply to both proprietary and non-proprietary purchases (without consultations with IFA/CDA). Similarly, firms registered at Air HQs, DGAQA, HQ MC, Depots, HAL, BEL etc can also be recommended by S Lgs O for automatic registration without reference to committee. Vendors, already registered with Army, Navy, Ordnance Factories, DGOF,DRDO, Defence PSUs and DGS&D will automatically be considered for inclusion in the list of registered vendors and for issue of LTE.

8. After registration, a copy of the list of registered suppliers, category wise, be forwarded to the concerned IFA for reference.

9. Procurement on Limited Tender Enquiry basis is to be done from registered firms only. Users recommendations to procure items from non-registered vendors for a specific requirement are to be referred to the independent committee before opening of price bids. Reference to the independent committee may be dispensed in writing by the unit commander in exceptional and urgent cases in consultation with IFA. However after the purchase has been affected the firm is to be referred to the independent committee for registration for all future purchases.

BLACKLISTING OF FIRMS

10. C Lgs O/S Lgs O of units may recommend blacklisting of firms to their command Headquarters after due consultation with IFA. The case should give complete details and should be supported with documentary proof. The case should also be duly recommended by the unit commander. Command HQs is to issue a show-cause notice and seek a response within a reasonable time. Incase of no response in the laid down time the firm is to be black listed. Incase of a response, Command HQs is to study it and take a final decision whether or not to Black list the firm.

11. Units are to continue dealing with the firms till advised otherwise by the black listing authority.

12. Incase command HQs decides to black list a firm it is to advise all units under its command and also advise all other commands and Air HQs (DMA) to advise all units under them. All IFA at local/command and Air HQ level will also be kept informed whenever firms are black listed.

13. Black listed firms are not to be considered for registration for at least 5 years. All units, command HQs and Air HQ (DMA) are to maintain a list of Black listed firms.

A certificate to the effect that vendors whose name has/have been recommended for floating TE is/are not black listed may be endorsed while seeking approval of CFA/IFA for floating LTE/STE.

SELECTION OF VENDORS FOR TENDERING & MODE OF TENDERING

14. Floating of LTE up to Rs. 80,000/- and STE for both proprietary and non-proprietary purchases up to Rs. 5000/- which are to be exercised without consultations of IFA may be decided by CFA duly recording adequate reasons and procurement will be effected following normal procurement procedures as applicable to financial powers with concurrence except that concurrence of IFA will not be obtained In all other cases i.e. above Rs.80, 000/- to 8 lakhs LTE is to be floated with the approval of IFA/CDA.This implies that IFAs will be invariably involved in all the stages of procurement in respect of local purchase.

i) **Acceptance of necessity.**
ii) **Selection of mode of tendering i.e. OTE/LTE/STE at the time of TE stage.**
iii) **Approval of sources in case of LTE and STE/Selection of vendors.**
iv) **Vetting of draft tender enquiry.**
v) **Participation in Tender opening and vetting of CST.**
vi) **Participation of TPC/PNC at units.**
vii) **Vetting of draft supply orders and recording of UO NO & Date.**
viii) **Concurrence of DP Extension, waiver of LD and security deposit.**
ix) **Concurrence of Amendments to contracts.**

However this is not applicable to self-accounting Units headed by COs where powers without concurrence are only Rs, 40,000/-. Here all LTE cases beyond Rs.40, 000/-, local IFAs will be consulted, as per delegation of financial powers.

In all purchases exceeding Rs.1 Lakh with or without concurrence TPC is to be conducted associating IFA/CDA or Rep.of IFA/CDA.

15. Open tender system should be used as a general rule in all cases in which estimated value of demand is Rs.2 Lakhs and above. However, LTE can be resorted to by CFA with prior concurrence of IFA, duly recording reasons such as public interest, urgency, availability of definitely known sources, and security.

All procurement below Rs. 8 lakh and above Rs.5000/- may be done on Limited Tender Inquiry basis depending on delegated financial powers of CFAs duly recording reasons. Tenders are to be invited from all registered vendors for the particular range irrespective of the fact whether less or more than 7/15 firms are registered for the particular range. In case the numbers of firms registered for a particular range are far too many for it to be administratively convenient to invite tenders, the following guidelines are to be followed, associating IFA/CDA, as it hag direct financial bearing in all cases, with or without concurrence.

(a) For all purchases between Rs. 5000 to Rs.1 lakh tenders are to be invited from atleast 7 reliable firms invariably with concurrence of IFA/CDA.

(b) For all purchases between Rs.1 to 3 lakhs tenders are to be invited from at least 15 firms invariably with concurrence of IFA/CDA.

The basis and reasons for selecting the 7/15 firms are to be clearly brought out by S Lgs O while seeking necessity angle approval. IFA will invariably be consulted in selection

of vendors in LTE where such financial powers are with financial concurrence, clearly justifying the basis and selection of vendors.

16. All local purchase beyond Rs. 8 lakhs is to be invariably done on open tender basis. Names of firms recommended by command HQs and/or Air HQ are to be included while inviting tenders for a particular purchase even if the firm is not registered with the unit but its registration has to be ensured before opening of price bids. Any further purchase from the firm is to be done after it is registered at the unit.

MODE OF TENDERING

17. The mode of tendering i.e., inviting tenders by registered post and receiving tenders/quotations by post should normally be followed. IFA/JCDA/LAO or his representatives are to participate in Tender opening. All sealed quotations are to be publicly opened in presence of bidders/their-authorized representative at specified date and time by a Board of Officers including IFA/rep. of IFA. Tenders/Quotations are to be received in sealed envelopes. However it can be obtained by Fax incase of single Tender or proprietary purchase in exceptional circumstances with prior concurrence of IFA. Telegraphic or Letter/Fax Quotations may be considered in exceptional circumstances if the same is followed by a formal tender within three days provided such telegraphic/letter quotations are complete in all respects with regard to price, specifications, delivery and other particulars essential for taking purchase decisions with prior concurrence of IFA. Late and delayed tenders and unsolicited offers shall be rejected. However, where Tender Purchase Committee feels that competition is inadequate, late and delayed tenders will be opened by members of TPC for the mere purpose of comparison of rates.

18. Proprietary purchase is to be resorted to recording adequate reasons among other things, depending on delegated financial powers following laid down procedures. However, the financial powers for procurement of articles on P.A.C basis is only Rs.5000/-without financial concurrence.

(a) The make of a particular firm is only acceptable. The user is to submit a proprietary certificate giving reasons for fitness while requesting for purchase of the item.

(b) The purchase of a specific brand of item is being done from the OEM or his authorised dealer, where there is single known source available. This is subject to the condition that the firm has only one dealer in the local market for the particular brand range. Where there are more than one authorized dealer, quotes may be invited from different authorized dealers. Brand purchases are to be resorted to only to replace a particular brand in use or to repair a brand item from the authorised dealer of the brand. Proprietary certificate in such a case is to be signed by the Logistics Officer.

(c) All proprietary certificates are to be signed by unit commander before the purchase is effected i.e., while according acceptance of necessity angle sanction.

19. Standard Terms and Conditions of Contract

Tenders incorporating standard terms and conditions are to be invited for all such purchases except cash purchases under schedule XVI. A tender on acceptance becomes a contract As per rules all standard terms and conditions of contract viz. among other things, security deposit, delivery period, liquidated damages, arbitration, payment terms, terms of delivery inspection etc are to be incorporated in the local purchase order. Local purchase order is a contract. Security deposit cannot be waived without prior concurrence of IFA.

20 Liquidated Damage Clause In LPO

As per GOI Decision para 8 of Rule 12 GFR, liquidated damage clause is applicable in all contracts. Local purchase order is also a contract. L.D. is recovered for delay due to defaults on the part of the contractor, @ 2% per month or part thereof, not exceeding 10% of total contract value. LD cannot be waived without prior concurrence of local IFA. Recovery of LD or waiver will be watched by CDA (AF)/JCDA (AF) during post-audit.

21 Amendments To Local Purchase Orders

No purchases other than cash purchases under schedule XVI can be made without inviting tenders except from Forests and Jails. A tender on acceptance becomes a contract. Any amendment to contract i.e. local purchase orders with regard to quantity, rate, delivery period, payment terms, having financial bearing, require prior concurrence of CDA/IFA or representative of CDA /IFA i.e. LAO being IFA to AOC/CO.

The UO no. and date of IFA is to be invariably prominently shown on supply order as well as amendments to supply order.

POST-AUDIT:

While forwarding the Vouchers for post-audit, a original copy of supply order and amendment issued thereof along with quotations, CST CRV/A&I notes and other relevant documents will be forwarded to CDA/ Jt.CDA (AF) for post-audit.

SCHEDULE – IX

SOP TO EXERCISE POWERS FOR WAIVING COMPERNSATION FOR LOSS DUE TO THE FAILURE OF A CONTRACTOR

1. **Occasion**: These powers are to be used on following occasions:-

   (a) In case stores handed over to contractor on loan contract or embodiment are not returned / are returned in deteriorated condition.

   (b) In case advances have been paid to a contractor and it cannot be recovered through bank guarantee or security deposit.

   (c) Or if there is a consequential losses due to contractors action / failure.

2. **Range**: These powers would encompass all ranges of items.

3. **Procedure**: In case a contractor

   (a) Fails to return items held in his custody on loan contract or embodiment or return them in deteriorated condition

   (b) Or fails to return any advance which cannot be recovered through bank guarantee or from the security deposit full or partially.

   (c) Or if there is a consequential losses due to contractors action / failure.

The agency which has made the issue of item/cash is to ascertain the following condition is met: -

   (a) Is it due to exceptional circumstances that neither the contractor nor the IAF agency is at fault.

   (b) There are no means to recover the cost from the contractor to Air HQ to take up the case with MoD. IAF units issuing items on loan should ensure safety of the item and incases if required I Bonds on securities could be obtained from the firm.

4. Incase the above conditions are met the SAO/C Lgs O/Sys O of the unit or the concerned officer handling the original issue/contract at command HQ/Air HQ is to formulate a SOC and forward it to Air HQ (Dte of MA for Maintenance issues and ACAS (Accts) for other areas who in turn are to make out a proposal containing the following: -

   (a) History of the case with enclosed documents like copy of contract or authority under which issue was made etc.

   (b) The total loss involved and basis of calculation of the cost.

   (c) Exceptional circumstances which warrant use of these powers.

   (d) Reason why recovery from contractor is not possible or should not be pressed.

(e) When any store is issued on loan to contractor the loss due to non-return / deteriorated condition should be written off through a loss statement after approval by CFA. Audit report is to be mandatorily obtained for all losses beyond Rs 2000/-.

(f) Remedial measures to avoid recurrence of such incidents.

(g) Draft letter of authority waiving off the compensation.

5. After obtaining the audit report a detailed proposal is to be referred by the PSO to IFA for financial vetting and scrutiny, who after his concurrence is to put up the proposal to CAS for consideration and approval as CFA.

6. After approval of CFA the PSO concerned is to issue the letter of authority

8. References: - Nil

Appendix 'B'
Refers to Para 8

(c)

COMMITMENTS AND EXPENDITURE REGISTER TO BE MAINTAINED BY UNITS

CODE HEAD:..... **FOLIO NO:.....**

SPECIAL INSTRUCTION: **DETAILED**
HEAD.....

MAJOR HEAD: .....

MINOR HEAD:.....

Allotment				**Surrenders/withdrawals**			**Total Amount**
	Amount	**Reference**	**Date**	**Amount**	**Reference**	**Date**	
Initial							
Subsequent							

COMMITMENTS VIZ ORDERS PLACED ON SUPPLIERS

										EXPENDITURE					
Sl.No.	Date	Unit/Section/Flight	Brief Details	Estimated Amount	Total Commitment	Actual Amount Paid	Date Paid	Remarks	Date	Vr. No.	Brief Details	Amount	Progressive Amount	Commitments (i.e bills outstanding for supplies received)	Balance
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**

SCHEDULE XI

SOP FOR HIRING OF CIVIL ROAD TRANSPORT/PASSENGER VEHICLES

1. **Schedule.** The powers for hiring of transport and car/passenger vehicle from civil sources in single transaction are enumerated **under Enhanced Financial Powers** in schedule XI, Appendix II part III AF. The powers are as under: -

Competent Financial Authority	Without IFA Concurrence	With IFA Concurrence
(A) Hiring of road transport from civil source for load carrier in a single transaction. (1)		
(i) VCAS/AOM	1,00,000	1,00,00,000
(ii) AOsC-in-C Commands	60,000	25,00,000
(iii) AOC Self accounting Establishments	15,000	60,000
REMARKS: (1) Contracts can be finalised by units hiring transport on a regular basis to fix rates but each hiring transaction is not to exceed the delegated powers.		
(B) Hiring of Car/Passenger vehicles in a single transaction (2)		
(i) VCAS/AOM/AOsC-in-C Commands	1,00,000	5,00,000
(ii) AOC/CO self accounting Establishments	5,000	25,000
REMARKS: (2) Contracts can be finalised by units hiring transport on a regular basis to fix rates but each hiring transaction is not to exceed the delegated powers.		

Annual or six monthly contracts to fix rates can be finalised by units with prior concurrence of IFA as per normal procedure, if frequency to a destination is regular. While finalizing contracts, among other things rates from civil authorities (RTO/STA)are to be obtained to ascertain reasonability.

Note:

As per Para 2 B of Annexure X to GOI MOD letter no Air HQ/S 95307/542/6/D Fin P/1428/US/D (Air-I) dated 16 sep 97. One transaction will be taken to mean the value of all orders placed for all the transport based on the days' or anticipated number of days' requirements. Where more than one supplier is involved, the transaction with all suppliers on that particular date will be treated as single transaction. If, however, the hiring one of item of the demand for transport is to be made from more than one supplier, the aggregate value of all the orders of that item placed on a particular date will be taken together for determination of the financial authority.

2. **Area Covered.** The powers enumerated in Schedule XI pertain to the following: -

(a) Hiring of Road Transport. The civil road transport would include load carrying vehicle, crane, bulldozers, tractors, fork lifters and other mechanical transport.

(b) Hiring of Passenger carrying vehicles viz Cars, Vans & Coaches.

3. **Occasions When Powers Can Be Used.** The above powers can be used when Air force means of transport **are not available** (Appendix 'A' to IAP 0152 refers).

Note:

With the recent policy of railways not accepting the piecemeal goods (except war like stores) for booking by rail and only accepting full rake of rail, Para 147 of IAP 1501 Chap 3stands amended declaring road transport as normal means of transport and not an expeditious means. In light of this, Para 149 (iv) of IAP 1501 also stands amended where in extra expenditure is now not required to be regularised by CFA However, *rate fixation indicated in para 147 has to be done with the concurrence of IFA concerned.*

4. **Budgetary Support**.

(a) **Code Head.** The expenditure will be incurred from Major Head 2078 Minor head 105 Locally Controlled Code Head 735/00 as per IAP 0152.

(b) **Budget Projection.** Budget projection will be made by all command HQ to D Fin P as per Appendix B to IAP 0152. Units will project its requirement to their respective command HQ. Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs in the format given in **Appendix 'A'**. The projection is to be based on past trend of expenditure and future forecasts requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) **Availability Of Budget Proposal.** D Fin P will make bulk allocation to all command HQ. Command HQ will make further allotment to units as per Para 20 and 21 of IAP 0152.

(d) **Budgetary Control /booking and Expenditure control.** Budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from each command as per time schedule laid down in Para 32 of IAP 0152. At Command and unit level, the budgetary control will be exercised like any other locally controlled code head.

5. **Methodology Of Hiring.**

(a) **Obtaining Necessity Angle Approval**. As and when the necessity arises case is to be initiated by SLO of units and depending on the expenditure involved, case will be forwarded to the appropriate CFA given in the schedule (In consultation with IFA/JCDA/LAO if powers to be exercised are in consultation) for seeking necessity sanction. The proposal should include a certificate that no other hired vehicle can be

availed of and service transport is not available for this purpose. While seeking necessity angle approval the details of load, destination, type of transport required, quantum of load, cost estimates, basis of cost estimates & availability of funds, mode of tendering to be adopted and list of vendors involved with draft tender document. In case an annual contract with rates fixed to a destination exist, process of obtaining necessity & expenditure angle should be combined. **The proposal should also contain broader points as under.**

(i) The purpose for which hiring of civil transport is proposed, is bonafide and authorised in Govt orders.

(ii) Detail of load/personnel to be conveyed are authorised and it is obligatory on Govt to provide transport for them.

(iii) Distance involved.

(iv) Type of transport/vehicle to be hired with number of vehicles and duration of hiring on the basis of load in tonnes or No. of personnel to be conveyed.

(v) The value involved and how it has been arrived at.

(vi) Availability of funds.

(vii) Efforts should have been made to obtain the hiring rates from local civil authorities for each type of vehicle/transport.

(viii) In case of return journey/back load, reasonable discount has been offered.

(ix) Whether credibility and past performance of transport contractors are satisfactory.

(x) Pattern of hiring in regard to the quantum, expenditure in the preceding year and justifications for abnormal variations if any, is given.

(xi) Transport hired for officers on temporary duty etc is as per prescribed scales.

(xii) In case of hiring of other vehicles wherever a regular hired transport contract existing or operating in the station, the reasons for resorting to hiring needs to be specified.

(xiii) If hiring in the circumstances mentioned at (xii) above is due to non-availability of the particular type of transport in the contract reasons as to why that particular transport was not catered for in the contract. If this was not provided for because the requirement for the same was not felt at the time of concluding the contract, how the requirement has come up now and why this could not be visualised earlier. If this requirement is going to be substantial or continue over a period of time, feasibility of including this requirement in the contract already existing was considered or could be considered.

(xiv) If the hiring proposed is due to failure of contractor the same should be at the risk and cost of the regular contractor.

(xv) How for the quoted rates compare with rate obtained from RTO/civil transport authorities, in case the same has been obtained.

(xvi) Is the hiring proposed inescapable and the requirements cannot be met by any other alternative methods.

(xvii) The expenditure incurred in hiring of transport up to the last occasion with last occasion.

(xviii) If hiring is resorted to very frequently will it not be more economical to go in for regular contracts for specified periods say 3 months, 6 months, one year etc.

(xix) In case stations where both Army and Air Force units exist and Army is hiring transport requirement and Air Force units whether it would be desirable route the requirement through the concerned Army authorities. However, the final discretion to hire the vehicles directly will still rest with IAF.

(b) **Wherever the powers of CFAs in a single transaction** are with financial concurrence, **IFA/CDA/Rep. of CDA is to be invariably associated in all stages of hiring contract i.e.**

i. Acceptance of necessity

ii. Mode of tendering

iii. Selection of sources in case of L.T.E

iv. Opening of tender

v. Vetting of CST

vi. TPC/PNC

vii. Vetting of draft supply order

viii. Vetting of work order (where work order is placed on the basis of Annual Rate Contract and powers of CFA are with concurrence)

ix. Post-contractual matters having financial bearing.

CDA/IFA or Rep. of CDA/IFA will be associated with the whole exercise of identifying the requirements, sources as well as finalisation of rates for particular half year, full year.

Annual Rate Contracts for various destinations and per Kilometer basis can be finalized by Units, which frequently hire transport, in consultation with IFA. **However, each hiring transaction is not to exceed the delegated financial powers.**

(c) If the cost involved is more than the powers for single quotation purchase, standard procedure of inviting quotation from all registered firms as per normal procedure will be adopted and case forwarded to appropriate CFA for expenditure angle sanction (IFA concurrence is to be taken wherever applicable). Maximum competition is to be ensured. All units would register firms as per procedure indicated in SOP relating to schedule VIII (E). The reasonability of L-1 rate is to be established with reference to the comments on reasonability obtained from civil local transport authority of the respective State Govt. Where no contract exists at the station rates are to be obtained from civil authorities on a quarterly basis. Draft supply order is also to be put up to IFA for vetting and later to CFA while seeking expenditure angle approval.

(d) Hiring will be resorted to after obtaining financial concurrence of IFA where applicable and sanction of CFA from expenditure angle.

(e) A similar principle & process is to be followed for hiring of passenger vehicles. Passenger vehicles are to be hired for entitled personnel only.

Note: *- Hiring of load transport is to be done on per ton per km basis as a rule unless*

(i) The volume of consignment is large and is not commensurate with the weight. In such cases, hiring is to be done on per km basis.

(ii) If full truckload cannot be utilized & due to operational / technical / security reasons the balance truckload necessarily has to be left unutilised. In such cases hiring can be done on per km basis with clear indication of tonnage under utilized.

6. Invitation Of Tenders And Finalization

On receipt of acceptance of necessity concurred by IFA and approved by CFA as per existing guidelines, following actions are to be initiated where open tender enquiries are not floated, tender enquiries will be issued to reputed and registered firms with prior concurrence of CDA/IFA.

a) Vetting of draft tender enquiry by IFA/ CDA before issue.

b) **Tenders** are to be opened by BOO including LAO/IFA and preparation of CST by executive authorities and vetting of CST by IFA/LAO.

c) Conducting of TPC, which will comprise, amongst others, IFA/CDA/ Rep. Of CDA in cases exceeding Rs.1 lakh and recommending **L1 or the most suitable and economical tender, duly recording reasons.**

d) Negotiations if any with L1 (only) **may be** carried out by TPC including IFA/ CDA / rep of CDA **, if the cost offered is higher and unreasonable as compared to necessity angle stage. These negotiations are to be recorded in writing.**

e) Draft supply order to be vetted by IFA/LAO before issue

7. Documents/Details to be submitted along with each proposal to IFA and CFA

(i) **At necessity angle stage: -** Whether the purpose for which hiring is proposed is bonafide and authorized in Govt orders.

(a) Details of load and destination involved or details of passengers to be transported.

(aa) Details of different types of relevant vehicles with load / passenger carrying capacity, available with the unit & at the stn to be given.

(b) Type of carrier to be hired.

(c) Cost estimates, basis of cost estimates. IFA will vet estimate cost among other things w.r.t L.P.R, local market rates. Estimated cost should not be escalated.

(d) If annual contract exists, in which case process of necessity & expenditure angle gets combined, while obtaining concurrence of appropriate IFA and approval of CFA.

(e) Budget availability

(f) Mode of tendering & draft tender form/conditions. Draft tender enquiry will be vetted by IFA before issue.

(g) Vendors from whom offers would be invited. The basis of selection of vendors and their respective capacity should be clearly explained

(ii) **<u>At expenditure angle stage</u>**

(a) Original tenders / quotations along with supporting documents

(b) Comparative statement of tenders along with original quotations/ tenders. The CST will be vetted by IFA / Rep. Of IFA before it is put up to TPC.

(c) Minutes of TPC/PNC proceedings

(d) Draft supply order. This draft supply order will be vetted by IFA before issue. UO No. and date of IFA will invariably be indicated in S.O.

(e) Reasonability of prices as compared to market rates/ L.P.P etc.

(f) Budget availability.

8. **<u>Specific Points to be looked into</u>**: -

(a) Proper selection of civil transport hiring agencies by unit board of officers including IFA / Rep. Of IFA need to be done in accordance with prescribed procedures.

(b) While tendering whether all known requirements for all units in the station/area on a particular day or No. of specified days taken into account and pooled together. Concurrence of IFA is to be obtained in respect of financial powers with concurrence

(c) Sanction is not split up to bring it within the powers of lower CFAs.

(d) Crossed DD per stipulated amount in TE as earnest money payable will accompany each tender.

(e) Transportation conditions have to be brought out in specific terms in TE and the contract/supply order.

(f) All standard terms and conditions including Security Deposit & mode of payment are to be incorporated in TE as well as in contract/supply order in prior consultation with IFA. S.D. can be waived by CFA with prior concurrence of IFA.

(g) Specifications of vehicles required to be clearly mentioned in TE as well as in contract/supply order.

(h) Laid down instructions for loading vehicles will have to be complied with.

(j) The existing instructions in protection during transit have been followed.

9. **<u>Check list for IFA and CFA</u>**

(a) Is the requirement justified?

(b) **Is the mode of tendering adopted appropriate?** Is the selection of civil transporters is appropriate?

(c) Are the costs indicated reasonable?

(d) Is adequate competition being ensured? **How does rates compare with last rates accepted.**

(e) Are funds available to meet the requirement?

*10. Standard terms and conditions of Civil Hired Transport: - **On receipt of approval for proceeding with hiring, supply order is to be placed on the approved firm (vetted by IFA/ LAO, as the case may be) while forwarding, the supply order is to be placed incorporating the standard terms & conditions and certain special terms and conditions peculiar to the Unit. The contract should contain interalia, following conditions.***

1. Loading or collection / delivery clause. It should bring out the responsibility of loading / off loading or collection / delivery. The responsibility should be given to the firm.
2. Transportation time from consignor to destination.
3. Liability of contractor for safety of consignment.
4. Standard Penalty clause
5. Standard Payment Terms
6. Documents to be specified in supply order for submission to transporter for claiming payments.
7. Arbitration clause
8. Insurance
9. Security deposit, to be pledged in favour of CDA (AF)/JCDA (AF)
10. Revocation / cancellation of rate contract
11. Force majeure clause. This will not form part of T.E. Where a contractor insists, the same may be included in S.O.
12. Modalities of Recovery of sums.

11. Transit Insurance

All goods/Plant and Machinery/Specialist vehicles handed over to private transporters/contractors for transportation to any destination should normally be insured with any P.S.U. Insurance Company under Government of India under aegis of General Insurance Corporation, to cover all transit risks such as theft, fire, accidents, damage etc. with prior concurrence of IFA HQ MC on case to case basis. In such cases, HQ MC may take insurance cover centrally at Nagpur, instead of Units doing individually. This is indispensable as transportation of government property by private transporters is fraught with enormous transit risks. While determining CFA, total transportation charges along with insurance charges will be taken into account.

12. Price Variation Clause:

Any such clause in Transport rate contract is extraneous to standard terms and conditions of contract. Any such Price Variation Clause can only be incorporated with prior concurrence of MOD (Fin)/MOF, as it involves indefinite liability to state. Fixed transport contract should be concluded.

13. **Paying Authority And Mode.** The payments will be made as per procedure given down

(a) As far as possible the payment of freight charges will be effected on a contingent bill duly supported with the pre-receipted bill of the Road transport operators. Where, however, credit facilities cannot be arranged, the logistics officer

will withdraw cash advance and after despatch will submit contingent bill along with contractors cash receipt.

(b) The number and date of carriers receipt for the stores will be quoted in the stores outward register and item number in the stores outward register will be quoted in the contingent bill for payment of freight charges. The quotations in respect of rates obtained will be enclosed with the Contingent Bill. The issue voucher on which the stores are vouched should also be quoted on the contingent bill. Contingent Bills will be entered in the Bill Registers. In cases where the road transport is hired by the intermediary forwarding agencies, SIB number will be quoted on the contingent bill.

(c) It should be certified by the officer hiring the transport that all terms & conditions of the order/contract have been complied with.

Post-Audit

After payment, copy of contract / work order in Annual Rate Contract, along all supporting documents are to be submitted to CDA (AF)/JT.CDA (AF) for post audit and compiling of expenditure.

14. **Time limit for processing the case**

(a) stage	Financial scrutiny at Necessity angle	10 days from receipt
(b) approval	Case is to be put up for expenditure angle	2 days from date of offers
(c)	Financial scrutiny at exp angle stage	2 days from receipt of the cases

Appendix 'A'

Refers to Para 4 (b)

PRELIMINARY REVISED ESTIMATE FOR THE CURRENT FINANCIAL YEAR

DETAILED HEAD OF ACCOUNT	ALLOTMENT UP TO.....	EXPENDITURE UP TO.....	ESTIMATE EXPENDITURE DURING THE REST OF THE YEAR	TOTAL AMOUNT REQUIRED FOR THE YEAR	INCREASE/DECREASE REQUIRED ON EXISTING ALLOTMENT	BRIEF REASONS FOR VARIATION (BETWEEN COL.2 AND 5)

Appendix 'B'

Refers to Para 4

(e)

COMMITMENTS AND EXPENDITURE REGISTER TO BE MAINTAINED BY UNITS

CODE HEAD:..... **FOLIO NO:.....**

SPECIAL INSTRUCTION: **DETAILED**
HEAD.....

MAJOR HEAD: .....

MINOR HEAD:.....

Allotment				Surrenders/withdrawals			Total Amount
	Amount	Reference	Date	Amount	Reference	Date	
Initial							
Subsequent							

COMMITMENTS VIZ ORDERS PLACED ON SUPPLIERS

EXPENDITURE

	1	Sl.No.
	2	Date
	3	Unit/Section/Flight
	4	Brief Details
	5	Estimated Amount
	6	Total Commitment
	7	Actual Amount Paid
	8	Date Paid
	9	Remarks
	10	Date
	11	Vr. No.
	12	Brief Details
	13	Amount
	14	Progressive Amount
	15	Commitments (i.e bills outstanding
	16	Balance

SCHEDULE XI

SOP FOR HIRING OF CIVIL ROAD TRANSPORT/PASSENGER VEHICLES

1. **Schedule.** The powers for hiring of transport and car/passenger vehicle from civil sources in single transaction are enumerated **under Enhanced Financial Powers** in schedule XI, Appendix II part III AF. The powers are as under: -

Competent Financial Authority	Without IFA Concurrence	With IFA Concurrence
(A) Hiring of road transport from civil source for load carrier in a single transaction. (1)		
(i) VCAS/AOM	1,00,000	1,00,00,000
(ii) AOsC-in-C Commands	60,000	25,00,000
(iii) AOC Self accounting Establishments	15,000	60,000
REMARKS: (1) Contracts can be finalised by units hiring transport on a regular basis to fix rates but each hiring transaction is not to exceed the delegated powers.		
(B) Hiring of Car/Passenger vehicles in a single transaction (2)		
(i) VCAS/AOM/AOsC-in-C Commands	1,00,000	5,00,000
(ii) AOC/CO self accounting Establishments	5,000	25,000
REMARKS: (2) Contracts can be finalised by units hiring transport on a regular basis to fix rates but each hiring transaction is not to exceed the delegated powers.		

Annual or six monthly contracts to fix rates can be finalised by units with prior concurrence of IFA as per normal procedure, if frequency to a destination is regular. While finalizing contracts, among other things rates from civil authorities (RTO/STA)are to be obtained to ascertain reasonability.

Note:

As per Para 2 B of Annexure X to GOI MOD letter no Air HQ/S 95307/542/6/D Fin P/1428/US/D (Air-I) dated 16 sep 97. One transaction will be taken to mean the value of all orders placed for all the transport based on the days' or anticipated number of days' requirements. Where more than one supplier is involved, the transaction with all suppliers on that particular date will be treated as single transaction. If, however, the hiring one of item of the demand for transport is to be made from more than one supplier, the aggregate value of all the orders of that item placed on a particular date will be taken together for determination of the financial authority.

2. **Area Covered.** The powers enumerated in Schedule XI pertain to the following: -

(a) Hiring of Road Transport. The civil road transport would include load carrying vehicle, crane, bulldozers, tractors, fork lifters and other mechanical transport.

(b) Hiring of Passenger carrying vehicles viz Cars, Vans & Coaches.

3. **Occasions When Powers Can Be Used.** The above powers can be used when Air force means of transport **are not available** (Appendix 'A' to IAP 0152 refers).

Note:

With the recent policy of railways not accepting the piecemeal goods (except war like stores) for booking by rail and only accepting full rake of rail, Para 147 of IAP 1501 Chap 3stands amended declaring road transport as normal means of transport and not an expeditious means. In light of this, Para 149 (iv) of IAP 1501 also stands amended where in extra expenditure is now not required to be regularised by CFA However, *rate fixation indicated in para 147 has to be done with the concurrence of IFA concerned.*

4. **Budgetary Support**.

(a) **Code Head.** The expenditure will be incurred from Major Head 2078 Minor head 105 Locally Controlled Code Head 735/00 as per IAP 0152.

(b) **Budget Projection.** Budget projection will be made by all command HQ to D Fin P as per Appendix B to IAP 0152. Units will project its requirement to their respective command HQ. Budgetary estimates are to be forwarded by the units for the ensuing financial year along with other LCHs in the format given in **Appendix 'A'**. The projection is to be based on past trend of expenditure and future forecasts requirements. Irrespective of the contract concluding authority it is the units that are to forward the budgetary estimates to the controlling command HQ which is consolidated and forwarded to D Fin P at Air HQ who makes the necessary budget allocations to the units through their command headquarters. The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) **Availability Of Budget Proposal.** D Fin P will make bulk allocation to all command HQ. Command HQ will make further allotment to units as per Para 20 and 21 of IAP 0152.

(d) **Budgetary Control /booking and Expenditure control.** Budgetary control will be exercised by Dte of Fin P through estimates and reviews received by them from each command as per time schedule laid down in Para 32 of IAP 0152. At Command and unit level, the budgetary control will be exercised like any other locally controlled code head.

5. **Methodology Of Hiring.**

(a) **Obtaining Necessity Angle Approval**. As and when the necessity arises case is to be initiated by SLO of units and depending on the expenditure involved, case will be forwarded to the appropriate CFA given in the schedule (In consultation with IFA/JCDA/LAO if powers to be exercised are in consultation) for seeking necessity sanction. The proposal should include a certificate that no other hired vehicle can be

availed of and service transport is not available for this purpose. While seeking necessity angle approval the details of load, destination, type of transport required, quantum of load, cost estimates, basis of cost estimates & availability of funds, mode of tendering to be adopted and list of vendors involved with draft tender document. In case an annual contract with rates fixed to a destination exist, process of obtaining necessity & expenditure angle should be combined. **The proposal should also contain broader points as under.**

(i) The purpose for which hiring of civil transport is proposed, is bonafide and authorised in Govt orders.

(ii) Detail of load/personnel to be conveyed are authorised and it is obligatory on Govt to provide transport for them.

(iii) Distance involved.

(iv) Type of transport/vehicle to be hired with number of vehicles and duration of hiring on the basis of load in tonnes or No. of personnel to be conveyed.

(v) The value involved and how it has been arrived at.

(vi) Availability of funds.

(vii) Efforts should have been made to obtain the hiring rates from local civil authorities for each type of vehicle/transport.

(viii) In case of return journey/back load, reasonable discount has been offered.

(ix) Whether credibility and past performance of transport contractors are satisfactory.

(x) Pattern of hiring in regard to the quantum, expenditure in the preceding year and justifications for abnormal variations if any, is given.

(xi) Transport hired for officers on temporary duty etc is as per prescribed scales.

(xii) In case of hiring of other vehicles wherever a regular hired transport contract existing or operating in the station, the reasons for resorting to hiring needs to be specified.

(xiii) If hiring in the circumstances mentioned at (xii) above is due to non-availability of the particular type of transport in the contract reasons as to why that particular transport was not catered for in the contract. If this was not provided for because the requirement for the same was not felt at the time of concluding the contract, how the requirement has come up now and why this could not be visualised earlier. If this requirement is going to be substantial or continue over a period of time, feasibility of including this requirement in the contract already existing was considered or could be considered.

(xiv) If the hiring proposed is due to failure of contractor the same should be at the risk and cost of the regular contractor.

(xv) How for the quoted rates compare with rate obtained from RTO/civil transport authorities, in case the same has been obtained.

(xvi) Is the hiring proposed inescapable and the requirements cannot be met by any other alternative methods.

(xvii) The expenditure incurred in hiring of transport up to the last occasion with last occasion.

(xviii) If hiring is resorted to very frequently will it not be more economical to go in for regular contracts for specified periods say 3 months, 6 months, one year etc.

(xix) In case stations where both Army and Air Force units exist and Army is hiring transport requirement and Air Force units whether it would be desirable route the requirement through the concerned Army authorities. However, the final discretion to hire the vehicles directly will still rest with IAF.

(b) **Wherever the powers of CFAs in a single transaction** are with financial concurrence, **IFA/CDA/Rep. of CDA is to be invariably associated in all stages of hiring contract i.e.**

i. Acceptance of necessity

ii. Mode of tendering

iii. Selection of sources in case of L.T.E

iv. Opening of tender

v. Vetting of CST

vi. TPC/PNC

vii. Vetting of draft supply order

viii. Vetting of work order (where work order is placed on the basis of Annual Rate Contract and powers of CFA are with concurrence)

ix. Post-contractual matters having financial bearing.

CDA/IFA or Rep. of CDA/IFA will be associated with the whole exercise of identifying the requirements, sources as well as finalisation of rates for particular half year, full year.

Annual Rate Contracts for various destinations and per Kilometer basis can be finalized by Units, which frequently hire transport, in consultation with IFA. **However, each hiring transaction is not to exceed the delegated financial powers.**

(c) If the cost involved is more than the powers for single quotation purchase, standard procedure of inviting quotation from all registered firms as per normal procedure will be adopted and case forwarded to appropriate CFA for expenditure angle sanction (IFA concurrence is to be taken wherever applicable). Maximum competition is to be ensured. All units would register firms as per procedure indicated in SOP relating to schedule VIII (E). The reasonability of L-1 rate is to be established with reference to the comments on reasonability obtained from civil local transport authority of the respective State Govt. Where no contract exists at the station rates are to be obtained from civil authorities on a quarterly basis. Draft supply order is also to be put up to IFA for vetting and later to CFA while seeking expenditure angle approval.

(d) Hiring will be resorted to after obtaining financial concurrence of IFA where applicable and sanction of CFA from expenditure angle.

(e) A similar principle & process is to be followed for hiring of passenger vehicles. Passenger vehicles are to be hired for entitled personnel only.

<u>Note</u>: - Hiring of load transport is to be done on per ton per km basis as a rule unless

(i) The volume of consignment is large and is not commensurate with the weight. In such cases, hiring is to be done on per km basis.

(ii) If full truckload cannot be utilized & due to operational / technical / security reasons the balance truckload necessarily has to be left unutilised. In such cases hiring can be done on per km basis with clear indication of tonnage under utilized.

6. Invitation Of Tenders And Finalization

On receipt of acceptance of necessity concurred by IFA and approved by CFA as per existing guidelines, following actions are to be initiated where open tender enquiries are not floated, tender enquiries will be issued to reputed and registered firms with prior concurrence of CDA/IFA.

a) Vetting of draft tender enquiry by IFA/ CDA before issue.

b) **Tenders** are to be opened by BOO including LAO/IFA and preparation of CST by executive authorities and vetting of CST by IFA/LAO.

c) Conducting of TPC, which will comprise, amongst others, IFA/CDA/ Rep. Of CDA in cases exceeding Rs.1 lakh and recommending **L1 or the most suitable and economical tender, duly recording reasons.**

d) Negotiations if any with L1 (only) **may be** carried out by TPC including IFA/ CDA / rep of CDA , **if the cost offered is higher and unreasonable as compared to necessity angle stage. These negotiations are to be recorded in writing.**

e) Draft supply order to be vetted by IFA/LAO before issue

7. <u>Documents/Details to be submitted along with each proposal to IFA and CFA</u>

(i) **<u>At necessity angle stage: -</u>** Whether the purpose for which hiring is proposed is bonafide and authorized in Govt orders.

(a) Details of load and destination involved or details of passengers to be transported.

(aa) Details of different types of relevant vehicles with load / passenger carrying capacity, available with the unit & at the stn to be given.

(b) Type of carrier to be hired.

(c) Cost estimates, basis of cost estimates. IFA will vet estimate cost among other things w.r.t L.P.R, local market rates. Estimated cost should not be escalated.

(d) If annual contract exists, in which case process of necessity & expenditure angle gets combined, while obtaining concurrence of appropriate IFA and approval of CFA.

(e) Budget availability

(f) Mode of tendering & draft tender form/conditions. Draft tender enquiry will be vetted by IFA before issue.

(g) Vendors from whom offers would be invited. The basis of selection of vendors and their respective capacity should be clearly explained

(ii) **<u>At expenditure angle stage</u>**

(a) Original tenders / quotations along with supporting documents

(b) Comparative statement of tenders along with original quotations/ tenders. The CST will be vetted by IFA / Rep. Of IFA before it is put up to TPC.

(c) Minutes of TPC/PNC proceedings

(d) Draft supply order. This draft supply order will be vetted by IFA before issue. UO No. and date of IFA will invariably be indicated in S.O.

(e) Reasonability of prices as compared to market rates/ L.P.P etc.

(f) Budget availability.

8. **<u>Specific Points to be looked into</u>**: -

(a) Proper selection of civil transport hiring agencies by unit board of officers including IFA / Rep. Of IFA need to be done in accordance with prescribed procedures.

(b) While tendering whether all known requirements for all units in the station/area on a particular day or No. of specified days taken into account and pooled together. Concurrence of IFA is to be obtained in respect of financial powers with concurrence

(c) Sanction is not split up to bring it within the powers of lower CFAs.

(d) Crossed DD per stipulated amount in TE as earnest money payable will accompany each tender.

(e) Transportation conditions have to be brought out in specific terms in TE and the contract/supply order.

(f) All standard terms and conditions including Security Deposit & mode of payment are to be incorporated in TE as well as in contract/supply order in prior consultation with IFA. S.D. can be waived by CFA with prior concurrence of IFA.

(g) Specifications of vehicles required to be clearly mentioned in TE as well as in contract/supply order.

(h) Laid down instructions for loading vehicles will have to be complied with.

(j) The existing instructions in protection during transit have been followed.

9. **<u>Check list for IFA and CFA</u>**

(a) Is the requirement justified?

(b) **Is the mode of tendering adopted appropriate**? Is the selection of civil transporters is appropriate?

(c) Are the costs indicated reasonable?

(d) Is adequate competition being ensured? **How does rates compare with last rates accepted.**

(e) Are funds available to meet the requirement?

*10. Standard terms and conditions of Civil Hired Transport: - **On receipt of approval for proceeding with hiring, supply order is to be placed on the approved firm (vetted by IFA/ LAO, as the case may be) while forwarding, the supply order is to be placed incorporating the standard terms & conditions and certain special terms and conditions peculiar to the Unit. The contract should contain interalia, following conditions.***

1. Loading or collection / delivery clause. It should bring out the responsibility of loading / off loading or collection / delivery. The responsibility should be given to the firm.
2. Transportation time from consignor to destination.
3. Liability of contractor for safety of consignment.
4. Standard Penalty clause
5. Standard Payment Terms
6. Documents to be specified in supply order for submission to transporter for claiming payments.
7. Arbitration clause
8. Insurance
9. Security deposit, to be pledged in favour of CDA (AF)/JCDA (AF)
10. Revocation / cancellation of rate contract
11. Force majeure clause. This will not form part of T.E. Where a contractor insists, the same may be included in S.O.
12. Modalities of Recovery of sums.

11. Transit Insurance

All goods/Plant and Machinery/Specialist vehicles handed over to private transporters/contractors for transportation to any destination should normally be insured with any P.S.U. Insurance Company under Government of India under aegis of General Insurance Corporation, to cover all transit risks such as theft, fire, accidents, damage etc. with prior concurrence of IFA HQ MC on case to case basis. In such cases, HQ MC may take insurance cover centrally at Nagpur, instead of Units doing individually. This is indispensable as transportation of government property by private transporters is fraught with enormous transit risks. While determining CFA, total transportation charges along with insurance charges will be taken into account.

12. Price Variation Clause:

Any such clause in Transport rate contract is extraneous to standard terms and conditions of contract. Any such Price Variation Clause can only be incorporated with prior concurrence of MOD (Fin)/MOF, as it involves indefinite liability to state. Fixed transport contract should be concluded.

13. **Paying Authority And Mode.** The payments will be made as per procedure given down

(a) As far as possible the payment of freight charges will be effected on a contingent bill duly supported with the pre-receipted bill of the Road transport operators. Where, however, credit facilities cannot be arranged, the logistics officer

will withdraw cash advance and after despatch will submit contingent bill along with contractors cash receipt.

(b) The number and date of carriers receipt for the stores will be quoted in the stores outward register and item number in the stores outward register will be quoted in the contingent bill for payment of freight charges. The quotations in respect of rates obtained will be enclosed with the Contingent Bill. The issue voucher on which the stores are vouched should also be quoted on the contingent bill. Contingent Bills will be entered in the Bill Registers. In cases where the road transport is hired by the intermediary forwarding agencies, SIB number will be quoted on the contingent bill.

(c) It should be certified by the officer hiring the transport that all terms & conditions of the order/contract have been complied with.

Post-Audit

After payment, copy of contract / work order in Annual Rate Contract, along all supporting documents are to be submitted to CDA (AF)/JT.CDA (AF) for post audit and compiling of expenditure.

14. **Time limit for processing the case**

(a)	Financial scrutiny at Necessity angle stage	10 days from receipt
(b)	Case is to be put up for expenditure angle approval	2 days from date of offers
(c)	Financial scrutiny at exp angle stage	2 days from receipt of the cases

Appendix 'A'

Refers to Para 4 (b)

PRELIMINARY REVISED ESTIMATE FOR THE CURRENT FINANCIAL YEAR

DETAILED HEAD OF ACCOUNT	ALLOTMENT UP TO.....	EXPENDITURE UP TO.....	ESTIMATE EXPENDITURE DURING THE REST OF THE YEAR	TOTAL AMOUNT REQUIRED FOR THE YEAR	INCREASE/DECREASE REQUIRED ON EXISTING ALLOTMENT	BRIEF REASONS FOR VARIATION (BETWEEN COL.2 AND 5)

Appendix 'B'

Refers to Para 4

(e)

COMMITMENTS AND EXPENDITURE REGISTER TO BE MAINTAINED BY UNITS

CODE HEAD:..... **FOLIO NO:.....**

SPECIAL INSTRUCTION: **DETAILED**
HEAD.....

MAJOR HEAD: .....

MINOR HEAD:.....

Allotment				**Surrenders/withdrawals**			**Total Amount**
	Amount	**Reference**	**Date**	**Amount**	**Reference**	**Date**	
Initial							
Subsequent							

COMMITMENTS VIZ ORDERS PLACED ON SUPPLIERS

EXPENDITURE

Sl.No.	Date	Unit/Section/Flight	Brief Details	Estimated Amount	Total Commitment	Actual Amount Paid	Date Paid	Remarks	Date	Vr. No.	Brief Details	Amount	Progressive Amount	Commitments (i.e bills outstanding	Balance
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

SCHEDULE - XII A, B AND C

SOP FOR INITIATING CASES FOR APPROVAL FROM NECESSITY ANGLE UNDER AT AIR HEADQUARTERS

Schedule

1. Schedules XII A, XII B and XII C deal with obtaining necessity angle approval against requirements projected through Periodical Reviews, Special Reviews, Rotables Reviews, MCM/PHU transcriptions, Life of Type Reviews, Procurement against Scaled Deficiencies (under revenue heads only and requirements arising out of census, repairs, calibrations and other items (both scaled and non-scaled) required for maintenance activities of the IAF. The schedule also caters to procurement of technical maintenance publications and one time purchase of un-scaled items.

Sub-Schedules.

2. **Schedule XII A.** Schedule XII A confers powers to accord necessity angle approval for procurement from **indigenous Defence PSUs and Govt Departments.**

3. **Schedule XIIB**. Schedule XII B confers powers accord necessity angle approval for procurement from **indigenous sources other than Defence PSUs and Govt Departments.**

4. **Schedule XII C.** Schedule XII C confers powers to accord necessity angle approval for procurement from **ex-import**.

Occasions

5. These powers are to be invoked by Air HQrs under the following circumstances.

(a) For centralized ranges based on requirements projected by HQ MC and requirements generated at this HQ.

(b) Against AOG/PHU/MCM transcription lists.

(c) For all imports for decentralized ranges. While forwarding the case for import requirements for decentralized range, HQ MC is to indicate in the covering letter the cost of indigenous content as approved by them for determination of CFA only in cases where they have to be referred to MoD..

Range

6. These powers are to be utilized for all maintenance requirements related aircraft and weapon systems, its associated support equipment, MT and also for clothing, Barracks equipment and all type of stores (authorized stores) for all centralized ranges

Budgetary Support

7. Budgetary support is to be provided under Major Head 2078, Minor Head 110. Respective code heads for Aviation, MT, Clothing, Rations, Ordnance etc for supply/repair is to be used.

8. Budgetary projections are to be made through four returns for each financial year (i.e. PR, PRE, RE and MA). The RE for the financial year will also indicate the Budget Estimate for the succeeding financial year.

9. A budgetary register is to be maintained code head wise by each Maintenance Directorate giving full details of allotments made, commitments (ie order placed and supplies awaited) and actual payments made. The total commitments are normally not to exceed the total allotments. However, to cater for slippages in delivery and to ensure optimum utilization of funds allotted, 25% over and above the allotment may be committed for necessity angle approval **The actual expenditure is under no circumstances to exceed the allotments.**

10. Availability of adequate funds under the required code head is a pre-requisite for processing a case. This is the responsibility of the indent or. DDCA under ACAS Fin (P) would be responsible for HAL budgeting

11. The format of the Budgetary Registers as laid down in SOP ---------are to be meticulously maintained. Budgeting in case of HAL is to be done as per existing guidelines.

NECESSITY ANGLE APPROVAL

Gross/Net Requirement

12. In all cases (except for AOG/PHU/MCM transcriptions), the review will be carried out by the ED/BRD in accordance with laid down instructions. The Review Documents to be received from HQ MC must include the following. These documents are to be formulated in case the review is done at this HQrs.

(a) The Working Sheet, as applicable, giving full justification whenever necessary (i.e. basis of arriving at gross requirement).

(b) The Review Sheet/Census sheet (for scaled equipment) (Basis of arriving at net requirement).

(c) The Schedule of Requirement separately for each SOS (source of supply) (i.e. imports, Defence PSU, vendors DPO or manufacturing task) duly technically vetted, priced and authenticated by the O i/c provisioning , C Lgs O and CO/AOC of the ED. In case of BRD, O i/c Overhaul Line is also to authenticate the Review Documents.

(d) In case of import, each review is to be accompanied with import clearance certificate. In case, the review is generated at Air HQ the SORs have to be vetted by HQ MC for import clearance unless it can be proven that item has not been indigenised.

13. In the case of AOG/PHU/MCM transcriptions, lists received from HQ MC or generated at this HQ are to be treated as Schedule of Requirements. The Dues In is to be subtracted as per existing guidelines.

14. A soft copy of the Schedule of Requirement on a floppy is also to be provided by HQ MC to the concerned Maintenance Directorate in a suitable database. This may be M/s Access or M/s Excel or dBase or FoxProx (BUT NOT M/s WORD).

15 The Review Sheet, Working Sheets and SORs are to be prepared in standard formats accordance with existing policies and regulations laid down.

16. In case of Mandatory items, the Review documents are not to be accompanied with working sheets. An updated copy of the Mandatory Lists is to be made available to the IFA and Maintenance Cell every year. The list would give the fitment details of mandatory items systemise.

Pricing

17. The proposal is to be priced as per existing guidelines provided in Leaflet 12 of IAF 1541. Following details are to be indicated against each item in the SOR.

(a) Last purchase price, **LPP should not be escalated as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

(b) Year of last purchase price **and date and No. of Supply Order.** OR

(c) Budgetary quotations where LPP is more than three years old .Manufacturers price list and current discount rates may be obtained. OR

(d) In case of price list price or LPP is not available the basis of arriving at the price of each item is to be indicated

(e) Where price lists/ LPOs are not available, prices are to be assessed in consultation with specialist offers by clearly annotating in Indent that prices have been assessed.

(f) HAL pricing is to be one as per existing MoD guidelines

Note : In case where price lists have been negotiated and finalized. A combined case for necessity and expenditure angle is to e formulated. This should be explicitly stated in the proposal .

Technical Vetting at Air HQ

18. The Review Documents are to be technically vetted by the specialist officers at the Maintenance Directorate. Special attention is to be paid to the correctness of the part number, suitability of the item, quantity on SOR. The specialist officers vetting the Review Documents are to sign the SOR as having vetted the SOR indicating the items which have been vetted. Joint Director and Directors are to carry out sample technical vetting and record it on the file.

Vendor Selection.

19. A careful selection of the authorized and registered vendors is to be made for the range of spares on the Schedule of Requirement in consultation with IFA .

20. The forecast factor applied or the ROH task based on which the review was carried out should be clearly indicated.

21. The forward provisioning for which procurement being undertaken should be brought in the proposal..

22. Based on the above inputs a proposal as per existing guidelines is to be formulated. Separate schedule of requirements are to be prepared separately for each Source of supply as follows

(a) Import
(b) Defense PSU
(c) Indigenous vendor to be procured centrally (the AHSP & inspection agency should be clearly specified)
(d) Indigenous vendor but to be procures by decentralization i.e., issue of DPO
(e) Manufacturing task

23. The following documents are to be attached with each proposal.

(a) All review documents which justify at the arrival of the Gross and net requirements.

(b) Budgetary support certificate as per AOMs S&P Canon 1/2001.

(c) PAC (proprietary article certificate) wherever applicable signed by the Director of the Maintenance Cell .as CFA indicating the UO No. and date of IFA.

(d) Schedule of requirements prepared separately SOS wise .

(e) Draft indent/RFP/RMSO/DPO/Manufacturing task/letter of authority or Draft contract/ SO/ RMSO etc in cases where price list are finalized and case is moved for combined necessity and expenditure angle approval .

(f) Import clearance Certificate, wherever applicable.

24. The case file is to be initiated by the AD/DD/JD/Dir * of the concerned fleet/weapon system. The file is to be routed through the normal channels up to the penultimate CFA who will then route the file through IFA to the CFA. In case HAL is the vendor involved the case is to be routed through DDCA prior to the penultimate CFA.

* **Note.** All cases beyond Rs. 10 crore are to be initiated by Dir/ACAS only.

25. **FOR EXAMPLE,** an indent costing less than or equal to Rs. 2 crores will be initiated by the AD/DD and routed through JD to IFA. After IFA's concurrence, the file will be routed to the Director who is the CFA in this case.

26. **Checklist for IFA and CFA**

(a) IFA and CFA are to check that all the required documents as per para 25 above are placed on file and that requirements have been calculated as per existing norms.

(b) They are also to verify for themselves that the vetting carried out by specialist officers have been done correctly and conscientiously. Would this procurement lead to over or under provisioning ?

(c) Availability of budget for the proposal is to be ensured.

27. Once necessity angle approval for the proposal has been obtained on file, either/or

(a) An indent is placed on Dte Purchase (applicable to only Dtes under ACAS (Lgs)

(b) RFP is floated by Maintenance Cell. RFP should be signed by any Gazetted Officer of the concerned Maint Cell

(c) RMS Orders placed . This should be signed by at least the JD/Dir

(d) DPO is placed . This should be signed by at least the JD/Dir

(e) Manufacturing task is issued. This should be signed by by at least JD/Dir.

(g) Contract/SO is signed in case price list is available and necessity & expenditure angle has been combined and sanction obtained together. This should be signed by at least the Dir/ACAS .

28. The indent is to be vetted by AHSP before procurement is initiated is necessary only if

(a) AHSP is an external agency
(b) Specialist excepts some changes in the QR

29. The above documents are to be distributed as per existing orders and based on existing guidelines.

30 Financial Scrutiny of Draft Indents by IFA:IFA Air HQs.

IFAs will undertake financial scrutiny of Indents. While vetting the draft Indents, IFA will exercise the following audit checks from acceptance of necessity.

I. **Description of Stores: A draft Indent should contain the following information, full particulars including the section number, reference description and denomination or the quantity of each item.**

Details of the major assembly of which the items are components or accessories and also the name of the manufacturer wherever known should be clearly indicated.

II. **Sources of Supply: Details of latest contract under which the item was procured should be indicated in the remark column of the Indent: Likely sources of supply are to be indicated indicating PSUS if any. In case of PSU, purchase preference should be given which will be incorporated in Indent. If an Indent of the item is outstanding, details thereof should also be mentioned. This will enable the IF A and procurement agency to identify the sources of supply.**

III. **Mode of Tendering: Mode of tendering, such as OTE, LTE, STE and PAC should invariably be indicated in the Indents. On the basis of Indent, entire procurement/ tendering action is initiated.**

IV. **Head of Account: The major head, minor head and code head to which the expenditure is to be booked is to be clearly indicated in the Indent.**

V. **Budgetary provision: Availability of funds to meet the proposed expenditure is to be certified and commitment thereof is to be noted. This is to be ensured by IFA.**

VI. **Authority for raising Indent: The Specific authority or Government letter under which powers have been delegated should be clearly mentioned in the Indents.**

VII. **Pricing of Indent: The pricing of Indent is to be done carefully. This estimated cost is the basis for determining the reasonability of rates. The estimated cost is prepared:**

a. **By obtaining budgetary quotation along with manufacturers priced catalogues and current discount rates.**

b. **When price lists are not available, purchase price as shown in latest contract and Local Purchase order under which the items were procured are to be indicated.**

c. **When price list or contract/LPO prices arc not available, prices are to be assessed by specialist officers and it should be indicated in the Indent accordingly.**

VIII. **Delivery Date: The date by which delivery is required should be clearly stated in Indents. Terms like "as soon as possible or urgently required are not to be used. In case of perishable items with limited shelf life delivery should be suitably phased with due regard to the shelf life and the anticipated rate of consumption. In such cases, it should be clearly stated that in Indents that deliveries earlier than dates specified will not be accepted. While tendering this delivery date will be taken into account.**

IX. **Urgency Certificate: Priority Indent should be used sparingly and that too only for operational requirements like AOG, IOR and urgent requirement like URR, USR**

X. **Proprietary Certificate: where the item to be procured are proprietary of any firm or a particular make of any equipment is required, a proprietary certificate as per the prescribed proforma is required to be issued by CFA with the concurrence of associated finance/IFA, duly recording adequate reasons.**

XI. **Clearance from the point of indigenous availability is to be ensured before concurring proposals for import: Further address of the consignee, packing and dispatch instruction, and inspection clause should be clearly indicated in the Indent.**

XII. **Net Requirement:**

a. **Arithmetical correctness is to be checked**

b. **Quantities of PR and SOR statement are similar, in case reductions of quantities in SOR reasons thereof are recorded.**

c. **PR/SR have been technically vetted**

d. Net requirement is worked out using the correct formula, since different formulas are used to arrive at net requirement.

XIII. **<u>While vetting Indents</u>, concurrence is accorded by IFA for procurement on PAC basis, it should be ensured that in such cases item is procured strictly on PAC basis from the Proprietary firms only.**

XIV. **The <u>pricing of SOR</u> is to be checked to see whether it has been priced on the basis budgetary quotations, LPP or as per price list of firm or assessed cost. . For realistic pricing of Indents, budgetary quotations are to be obtained.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

XV. **<u>Last Paid Rates</u>: While preparing estimated cost, last paid rates should not be increased by percentage as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

XVI. **<u>Noting of UO No.& Date</u>: The financial concurrence number and date of IFA should be clearly indicated in Indent. It should be endorsed in the Indent as follows:**

" This has the financial concurrence of IF A AOC-in-C

Air HQ vide UO No... ...dt..."

30. **<u>CHECK LIST for IFA i.e. JCDA/ACDA/LAOs</u>**

I. **It is to be ensured that net requirement has been worked out properly with regard to liabilities and assets. Dues-in, dues-out, stock position, CAR and F.F have been properly worked out.**

II. **It is to be ensured that M.P.E. has been worked properly. In no case should the provisioning exceed the months fixed for M.P.E. Similarly it is to be ensured that S.S.F. and R.A.F. figures have been worked out correctly.**

III. **It is to be ensured that M.P.E. has been correctly worked out for perishables, short shelf and common user items.**

IV. **It is also to be ensured that Current Annual Rate (C.A.R.) and forecasting factor (F.F) have been correctly accounted for.**

V. **It is also to be ensured that assets have been properly accounted for with regard to serviceable stocks, dues-in and estimated yield from repairable assets.**

VI. **It is to be verified that the estimated cost indicated in the indent has been worked out properly with regard to (1) Last purchase price (2) Budgetary quotations (3) Cost assessed by specialist officer in case of first time procurement. LPP should not be escalated as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable

assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

VII. **It is also to be ensured that sources from which items are proposed to be procured VIZ DGOF, HAL, or trade etc are to be vetted.**

VIII. **In case of PAC it is to be examined that the items are of proprietary nature and firm/source proposed is an OEM .PAC should not be accorded for bought out items unless forms part of main system/subsystem.**

IX. **The mode of tendering, namely OTE, LTE AND STE are to be examined and in case of P&M, two bid system to be followed is to be indicated in Indent at the acceptance of necessity stage.**

X. **It is to be further ensured that head of account has been correctly indicated and budgetary provision has been adequately made, as per Classification Handbook.**

XI. **In case of RMSO orders for HAL, it is to be ensured that quoted rates are as per their printed price catalogue. In cases where prices are escalated without giving adequate satisfaction, PNC including a finance member may be conducted with m/s HAL.**

XII. **In case of bought out items under RMSOs. Details of the source, nature of the item, imported or indigenous, departmental charges if any, handling charges etc are to be called for from m/s HAL.**

XIII. **Where price list are not available, wherever feasible, the cost break-up of the items quoted with regard material, labour overheads, profit, insurance, freight, handling charges, taxes and duties are to be called for assessing the reasonability of the rates.**

XIV. **In case of indents for imported items, it is to be confirmed that the items are not available from indigenous source.**

XV. **The authority under which the indent is raised is to be verified with reference to specific govt. order or authority, which is to be invariably quoted in the Indent for reference of IFA, Audit Authorities etc.**

XVI. **Whenever indents are to be placed on lower CFAs for e.g. HQMC placing certain items, it is to be ensured that such procurement is to be done in consultation with IFA. Where consultation with IFA is required, an ink signed copy of the indent is to be endorsed to concerned IFA i.e. ACDA/LAO co-located at the Unit.**

XVII. **It is to be ensured that items proposed to be procured are of revenue in nature ie other than items which have a life of 7 years and cost Rs. 2 lakhs or more are classified as Capital.**

XVIII. **Whenever financial concurrence is accorded to any indents, it is to be ensured that UO number and date of appropriate IFA are to be invariably indicated in the indent.**

XIX. **While issuing indents it is to be ensured that ink signed copies of the indent are endorsed to respective IFA and JCDA (AF) .**

Time Frame for Proposals

Serial No	Activity	Normal cases	AOG/PHU/MCM priority
1.	Initiation of the proposal	45 days from the receipt of review documents	9 days from the receipt of the Transcription lists
2.	DDCA (only in cases where HAL is involved)	9 days	3 day
3.	Penultimate CFA	9 days	3 day
4.	Financial scrutiny	45 days from the date of receipt of the case or 7 days from receipt of last query. Queries would be raised only once. Incase of additional inputs the issues are to be discussed with the Director / ACAS of the maint cell and the discussions recorded based on which the final recommendations are to be given to the CFA.	9 days from the date of receipt of the case. Incase of additional inputs the issues are to be discussed with the Director / ACAS of the maint cell and the discussions recorded

Note

1. All queries are to be replied within 7 days of raising of the same.
2. In case of delay beyond one week, the issue is to be brought to the notice of penultimate CFA so that a meeting is conducted with IFA.

Policy Letters and Regulation (Reference)

1. IAP 1541 Preparation of Reviews and amendments issues from time to time .
2. GOI letter Air HQ/61279/4/LR/1015/DO-II/D(Air-I) dated 26 Sep 1995
3. GOI letter Air HQ/61279/35/4/LR/921/DOII(Air-I) dated 29 Jul 1998.

AT HQ MC AND ED/BRD

Schedule

1. Schedules XII A, XII B and XII C deal with obtaining necessity angle approval against requirements projected through Periodical Reviews, Special Reviews, AOG / MCM / PHU transcriptions, Life of Type Reviews, Procurement against Scaled Deficiencies (under revenue heads only), repairs, calibrations and other items (both scaled & non-scaled) required for maintenance activities of the IAF. The schedule also caters to the maintenance publications and one time purchase of un scaled items

Sub-schedules

2. Schedule XII A. Schedule XII A confers powers to accord necessity angle approval) for procurement from **indigenous Defence PSUs and Govt Departments.**

3. Schedule XII B. Schedule XII B confers powers to accord necessity angle approval for from indigenous **sources other than Defence PSUs and Govt Departments.**

4. Schedule XII C. Schedule XII C confers powers to accord necessity angle approval for procurement **ex-import.**

Occasions

5. These powers are to be invoked by HQ MC ED/BRD under the following circumstances:-

(a) For decentralized ranges based on various reviews and requirements as per Para 1 finalized by ED/BRD(beyond Depot's delegated financial powers).

(b) Against AOG / PHU / MCM transcription lists/ requirements.

NOTE :- Incase where price lists are available necessity & expenditure angle approval is to be combined. In case of import ranges where price lists are finalized after necessity & expenditure is accorded , the ED / BRD is to forward the sanction paper to HQs MC for import clearance who after according import is to forward sanction papers to Air HQ (Maintenance Cell) for placement of order. Similarly MC for cases within their powers rare to forward sanction paper to Air HQs (Maint.) along with import clearance for placing order

Range

6. These powers are to be utilised for all maintenance requirements related aircraft and weapon system, it's associated support equipment, MT and also for clothing, Barrack equipment an all type of stores (authorized stores) for decentralized ranges only.

Budgetary Support

7. Budgetary Support is to be provided under Major Head 2078, Minor Head 110. Respective code heads for Aviation, MT, Clothing, Rations, Ordnance etc for supply / repair is to be used.

8. Budgetary projections are to be made in four quarterly returns at the end of each quarter of the financial year (ie PR, PRE, RE and MA). The RE for the financial year will also indicate the Budget Estimate for the succeeding financial year.

9. A budgetary register is to be maintained code head wise by each Maintenance Directorate giving full details of allotments made, commitments (ie orders placed & supplies awaited) and actual payments made. The total commitments are normally not to exceed the total allotments. However, to cater for slippages in delivery and to ensure optimum utilisation of funds allotted, 25% over and above the allotment may be committed. **The actual expenditure is under no circumstances to exceed the allotments.**

10. Availability of adequate funds under the required code head is a pre-requisite for processing a case. This is the responsibility of the indentor.

11. **Paying Authority**

(a) **For procurement by HQ MC** Payments will be made by JCDA ,HQ MC in case of Schedule XII A and Schedule XII B. However, in case of procurement through HAL existing payment procedure ,through AOs, DAD will continue to be followed.

(b) 11.(b) **For procurement by ED/BRD. All payment in respect of Central Purchase** will be made by **JCDA Nagpur in respect of SOs placed by EDs/BRDs,** (The expenditure which are susceptible to control against budget provision are known as locally controlled heads. The following categories falls under LCH :--

1. Payment to Industrial Establishment in store depots, factories etc
2. Transportation Charges
3. Miscellaneous Expenses.
4. Payment for stores.
5. Works expenditure , and
6. Pensions.

The entire store budget comes under **LCH.)**

NECESSITY ANGLE APPROVAL

At HQ MC

12. Review will be carried out by the ED / BRD in accordance with laid down instructions. The Review Documents must include the following: -

(a) The Working Sheet, as applicable, giving full justification wherever necessary.

(b) The Review Sheet/Census sheet (for scaled equipment)- Basis of arriving at the net requirement In case of first time procurement, full justification of requirement is to be given and how the previous requirements were met should be specified along with basis of pricing the estimated cost.

(c) The Schedule of Requirement separately for each SOS (source of Supply) (i.e. imports ,Defence PSU, Vendors, DPO or manufacturing task) , duly technically vetted, priced and authenticated by the OIC Provisioning, CLO and CO/AOC of the ED. In case of BRD, OIC Overhaul Line is also to authenticate the Review Documents.

(d) Import clearance certificate for imports even in cases within delegated powers of ED / BRD, obtaining of import clearance is mandatory from HQ MC.

13. In the case of AOG / PHU / MCM transcriptions or requirements generated at HQ MC are to be treated as Schedule of Requirements. Dues in is to be subtracted as per existing guidelines.

14. A soft copy of the Schedule of Requirement on a floppy is also to be provided by ED/BRD to HQ MC Provisioning cell in a suitable database. **This may be MS-Access or MS-Excel or dBase or FoxPro (BUT NOT MS WORD).**

15. The Review Sheet, Working Sheets and SORs are to be prepared in accordance with existing policies and regulations laid down.

16. In case of Mandatory items, the Review documents are not to be accompanied by working sheets. . A copy of the Mandatory Lists is to be made available to the JCDA and HQ MC Provisioning cell and to the LAO / CDA rep of each depot.

AT ED/BRD

17. At ED /BRD the provisioning and procurement functions to be delineated and are to be functioning independently. the Review will be carried out by the ED / BRD (provisioning section) in accordance with laid down instructions. The Review Documents must include the following: -

(a) The Working Sheet, as applicable, giving full justification wherever necessary.

(b) The Review Sheet/Census sheet (for scaled equipment) :- Basis of arriving at the net requirement .

(c) The Schedule of Requirement separately for each SOS (source of Supply) (i.e. imports, Defence PSU, Vendors, DPO or manufacturing task) , duly technically vetted, priced and authenticated by the OIC Provisioning, CLO and CO/AOC of the ED. In case of BRD, OIC Overhaul Line is also to authenticate the Review Documents.

(d) Import clearance certificate for imports even in cases within delegated powers of ED / BRD, obtaining of import clearance is mandatory from HQ MC.

Pricing

18. The proposals are to be priced as per existing guidelines **provided in Leaflet 12 of IAP 1541.**

Following details are to be indicated against each item in the SOR: -

(a) Last purchase price, **LPP should not be escalated as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

(b) Year of last purchase price **and date and No. of Supply Order.** OR

(c) Budgetary quotations where LPP is more than three years old .Manufacturers price list and current discount rates may be obtained. OR

(d) In case of price list price or LPP is not available the basis of arriving at the price of each item is to be indicated

(e) Where price lists/LPOs are not available, prices are to be assessed in consultation with specialist offers by clearly annotating in Indent that prices have been assessed.

(f) HAL pricing is to be one as per existing MoD guidelines.

Note: In case where price lists have been negotiated and finalised. A combined case for necessity and expenditure angle is to be formulated. This should be explicitly stated in the proposal. After approval ED / BRD / HQ MC along with import clearance are to forward the sanctioned papers to Air HQs(Maint Cell) for placement of orders.

Technical Vetting at HQ MC, ED / BRD

19. The Review Documents are to be technically vetted by the specialist officers. Special attention is to be paid to the correctness of the item, suitability of the item, Quantity on SOR and price. In case prices are assessed, the basis of the pricing is also to be vetted. The specialist officers vetting the Review Documents are to sign the SOR as having vetted the SOR.

20 **Vendor Selection.** A careful selection of the authorised and registered vendors (as per AOM's Canon 10/2001) is to be made for the range of spares on the Schedule of Requirement. In case of recommendation of vendors by DGAQA / AHSP, the final recommendation of the Provisioning cell shall be the basis of vendor selection **in consultation with IFA.**

21. The forecast factor applied for the ROH task based on which the review was carried out should be clearly indicated. The future period for which procurement being undertaken should be brought out in the proposal.

22. In case of repair / overhaul, there could be occasions when tenders are to be received conforming to certain technical specifications. In such cases, the proposal must bring out this fact.

23. Based on the above inputs a proposal as per MoD guidelines Separate Schedule of requirements are to be prepared for each Source of supply as follows:-

(a) Import
(b) Defence PSUs
(c) Indigenous vendors to be procured centrally (the AHSP & inspection agency should be clearly specified)
(d) Indigenous vendor to be procured by de-centralisation for e.g. issue of DPO
(e) Manufacturing task

24. **The following documents are to be attached with each proposal for concurrence of IFA and approval of CFA.**

(a) All review documents which justify at the arrival of the Gross and net requirements.

(b) Budgetary support certificate as per AOMs S&P Canon 1/2001.

(c) PAC (proprietary article certificate) wherever applicable duly approved by the competent authority (Refer Maint SOP relating to schedule XII -------) i.e., C Lgs O at Depots and SLMO / Dy SMSO at HQs MC.

(d) Schedule of requirements prepared separately SOS wise .

(e) Draft indent/RFP/RMSO/DPO/Manufacturing task/letter of authority or Draft contract/ SO/ RMSO etc in cases where price list are finalized and case is moved for combined necessity and expenditure angle approval .

(f) Import clearance certificate.

25. **Routing of Proposal for Necessity Angle Sanction.**

(a) **At HQ MC.** The procurement case file is to be initiated by the I/c Prov Cell at HQ MC . The file is to be routed through the normal channels up to the penultimate CFA who will then route the file through JCDA to the CFA.

(b) **At ED/BRD.** The procurement case file is to be initiated by the I/c Prov Cell at BRD/ED. The file is to be routed through the normal channels up to the penultimate CFA who will then route the file through LAO/Rep of CDA to the CFA.

(c) In case the proposal is beyond the financial powers of ED / BRD it is to forward the proposal **along with view of local IFA ie ACDA/LAO.** to HQs MC and in case it is beyond the powers of HQ MC, the case is to be referred to Air HQS for taking it up with MoD.

Checklist for LAO/JCDA and CFA

26. (a) LAO/JCDA and CFA are to check that all the required documents as per para 25 above are placed on file and that requirements have been calculated as per existing norms.

(b) They are also to verify for themselves that the vetting carried out by specialist officers have been done correctly and conscientiously. Would this procurement lead to over or under provisioning ?

(c) Availability of budget for the proposal is to be ensured.

27. Once necessity angle approval for the proposal has been obtained on file, either/or

(a) An indent is placed on the purchase cell. In case of import the indent along with sanction papers is forwarded to Air HQs for procurement action.

(b) RFP is floated by the Purchase Cell.. RFP should be signed by any Gazetted Officer of the concerned Maint.Cell..

(c) RMS Orders placed .

(d) DPO is placed . This should be signed by at least C Lgs O at depots or SLMO at HQs MC

(e) Manufacturing task is issued. This should be signed by at least the C Lgs O of ED / BRD and SLMO / Dy SMSO at HQ MC.

(f) Contract/SO is signed in case price list is available and necessity & expenditure angle has been combined and sanction obtained together. This should be signed by at least the C Lgs O of ED / BRD and SLMO / Dy SMSO at HQ MC .

28 The indent is to be vetted by AHSP before procurement is initiated is necessary only if

(a) AHSP is an external agency
(b) Specialist excepts some changes in the QR

29. The above documents are to be distributed as per existing orders and based on existing guidelines

30. **Financial Scrutiny of Draft Indents by IFA i.e., JCDA, ACDA and LAOs.** .

IFAs will undertake financial scrutiny of Indent (MoD letter Air HQ/61279/35/4/LR/1215/DO-II/D (Air-I) Dt. 26/09/1995 While vetting the draft Indents, IFA will exercise the following audit checks from acceptance of necessity.

I. **Description of Stores:** A draft Indent should contain the following information, full particulars including the section number, reference description and denomination or the quantity of each item.

Details of the major assembly of which the items are components or accessories and also the name of the manufacturer wherever known should be clearly indicated.

II. **Sources of Supply:** Details of latest contract under which the item was procured should be indicated in the remark column of the Indent: Likely sources of supply are to be indicated indicating PSUS if any. In case of PSU, purchase preference should be given which will be incorporated in Indent. If an Indent of the item is outstanding, details thereof should also be mentioned. This will enable the IF A and procurement agency to identify the sources of supply.

III. **Mode of Tendering:** Mode of tendering, such as OTE, LTE, STE and PAC should invariably be indicated in the Indents. On the basis of Indent, entire procurement/ tendering action is initiated.

IV. **Head of Account:** The major head, minor head and code head to which the expenditure is to be booked is to be clearly indicated in the Indent.

V. **Budgetary provision**: Availability of funds to meet the proposed expenditure is to be certified and commitment thereof is to be noted. This is to be ensured by IFA.

VI. **Authority for raising Indent**: The Specific authority or Government letter under which powers have been delegated should be clearly mentioned in the Indents **for reference of IFA, Audit Authorities etc.**

VII. **Pricing of Indent:** The pricing of Indent is to be done carefully. This estimated cost is the basis for determining the reasonability of rates. The estimated cost is prepared:

a. By obtaining budgetary quotation along with manufacturers priced catalogues and current discount rates.

b. When price lists are not available, purchase price as shown in latest contract and Local Purchase order under which the items were procured are to be indicated.

c. When price list or contract/LPO prices arc not available, prices are to be assessed by specialist officers and it should be indicated in the Indent accordingly.

VIII. **Delivery Date**: The date by which delivery is required should be clearly stated in Indents. Terms like "as soon as possible or urgently required are not to be used. In case of perishable items with limited shelf life delivery should be suitably phased with due regard to the shelf life and the anticipated rate of consumption. In such cases, it should be clearly stated that in Indents that deliveries earlier than dates specified will not be accepted. While tendering this delivery date will be taken into account.

IX. **Urgency Certificate**: Priority Indent should be used sparingly and that too only for operational requirements like AOG, IOR and urgent requirement like URR, USR

X. **Proprietary Certificate**: where the item to be procured are proprietary of any firm or a particular make of any equipment is required, a proprietary certificate as per the prescribed proforma is required to be issued by CFA only indicating the UO No. and date of associated finance/IFA, duly recording adequate reasons.

XI. **Clearance from the point of indigenous availability** is to be ensured before concurring proposals for import: Further address of the consignee, packing and dispatch instruction, and inspection clause should be clearly indicated in the Indent.

XII. Net Requirement:

a. Arithmetical correctness is to be checked

b. Quantities of PR and SOR statement are similar, **in case reductions of quantities in SOR reasons thereof are recorded.**

c. PR/SR have been technically vetted

d. Net requirement is worked out using the correct formula, **since different formulas are used to arrive at net requirement.**

XIII. **While vetting Indents**, concurrence is accorded by IFA for procurement on PAC basis, it should be ensured that in such cases item is procured strictly on PAC basis from the Proprietary firms only.

XIV **The pricing of SOR** is to be checked to see whether it has been priced on the basis budgetary quotations, LPP or as per price list of firm or assessed cost. For realistic pricing of Indents, budgetary quotations are to be obtained.

XV **Last Paid Rates**: While preparing estimated cost, last paid rates should not be increased by percentage **as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

XVI **Noting of UO No.& Date**: The financial concurrence number and date of IFA should be clearly indicated in Indent. It should be endorsed in the Indent as follows:

" This has the financial concurrence of IF A AOC-in-C

HQ MC vide UO No... ...dt...."

31 **CHECK LIST for IFA i.e. JCDA/ACDA/LAOs**

I. It is to be ensured that net requirement has been worked out properly with regard to liabilities and assets. Dues-in, dues-out, stock position,. CAR and F.F have been properly worked out.

II. It is to be ensured that M.P.E. has been worked properly. In no case should the provisioning exceed the months fixed for M.P.E. Similarly it is to be ensured that S.S.F. and R.A.F. figures have been worked out correctly.

III. It is to be ensured that M.P.E. has been correctly worked out for perishables, short shelf and common user items.

IV. It is also to be ensured that Current Annual Rate (C.A.R.) and forecasting factor (F.F) have been correctly accounted for.

V. It is also to be ensured that assets have been properly accounted for with regard to serviceable stocks, dues-in and estimated yield from repairable assets.

VI. It is to be verified that the estimated cost indicated in the indent has been worked out properly with regard to (1) Last purchase price (2) Budgetary quotations (3) Cost assessed by specialist officer in case of first time procurement. In. no case should L.P.P. be escalated **as a matter of practice.** Wherever any variation in the estimated cost is proposed it should be worked out in a realistic and objective manner among other things on the basis of prevailing market rates, RBI indices, economic indices for the raw material/ labour, other input cost. IEEMA formula wherever applicable assessment based on intrinsic value and prevailing foreign exchange rates as promulgated by RBI.

VII. It is also to be ensured that sources from which items are proposed to be procured VIZ, DGOF, HAL, or trade etc are to be vetted.

VIII. In case of PAC it is to be examined that the items are of proprietary nature and firm/source proposed is an OEM .PAC should not be accorded for bought out items.

IX. The mode of tendering, namely OTE, LTE AND STE are to be examined and in case of P&M, two bid system to be followed is to be indicated in Indent at the acceptance of necessity stage.

X. It is to be further ensured that head of account has been correctly indicated and budgetary provision has been adequately made, as per Classification Handbook.

XI. In case of RMSO orders for HAL, it is to be ensured that quoted rates are as per their printed price catalogue. In cases where prices are escalated without giving adequate satisfaction, PNC including a finance member may be conducted with m/s HAL.

XII. In case of bought out items under RMSOs. Details of the source, nature of the item, imported or indigenous, departmental charges if any, handling charges etc are to be called for from m/s HAL.

XIII. Where price list are not available, wherever feasible the cost break-up of the items quoted with regard material, labour overheads, profit, insurance, freight, handling charges, taxes and duties are to be called for assessing the reasonability of the rates.

XIV. In case of indents for imported items, it is to be confirmed that the items are not available from indigenous source.

XV. The authority under which the indent is raised is to be verified with reference to specific govt. order or authority, which is to be invariably quoted in the Indent.

XVI. Whenever indents are to be placed on lower CFAs for e.g. HQMC placing certain items, it is to be ensured that such procurement is to be done in consultation with IFA. Where consultation with IFA is required, an ink signed copy of the indent is to be endorsed to concerned IFA i.e. ACDA/LAO co-located at the Unit.

XVII. It is to be ensured that items proposed to be procured are of revenue in nature.

XVIII. Whenever financial concurrence is accorded to any indents, it is to be ensured that UO number and date of appropriate IFA are to be invariably indicated in the indent.

XIX. While issuing indents it is to be ensured that ink signed copies of the indent are endorsed to respective IFA and JCDA (AF)

Time Frame for Proposals

Serial No	Activity	Normal cases	AOG/PHU/MCM priority
1.	Initiation of the proposal	45 days from the receipt of review documents	9 days from the receipt of the Transcription lists
2.	Penultimate CFA	9 days	3 day
3.	Financial scrutiny	45 days from the date of receipt of the case or 7 days from receipt of last query. Queries would be raised only once. Incase of additional inputs the issues are to be discussed with the Director / ACAS of the maint cell and the discussions recorded based on which the final recommendations are to be given to the CFA.	9 days from the date of receipt of the case. Incase of additional inputs the issues are to be discussed with the Director / ACAS of the maint cell and the discussions recorded

Note

1. All queries are to be replied within 7 days of raising of the same.

2. In case of delay beyond one week, the issue is to be brought to the notice of penultimate CFA so that a meeting is conducted with IFA.

Policy Letters and Regulation (Reference)

1. IAP 1541 Preparation of Reviews and amendments issues from time to time .
2. GOI letter Air HQ/61279/4/LR/1015/DO-II/D(Air-I) dated 26 Sep 1995
3. GOI letter Air HQ/61279/35/4/LR/921/DOII(Air-I) dated 29 Jul 1998.

Appendix A

(Refers to Para 9 of

SOP for Issue No 6)

BUDGETARY SUPPORT CERTIFICATE

(ALL AMOUNTS IN RUPEES LAKHS)

1.	Financial Year	
2.	Directorate	
3.	Maintenance Cell	
4.	Allotment	
5.	Expenditure up to	
6.	Contractual Obligations	
7.	Non-contractual Obligations	
8.	Funds Now Available (4 - 5 - 6 - 7)	
9.	This Proposal	

Name:

Rank:

Designation:

Date:

(Budget Coord)

(where applicable)

Name:

Rank:

Designation:

Date:

(Indentor)

FOOTNOTES Under Sch-XII ABC

DEPUTATION OF SPECIALIST FROM ABROAD AND WITHIN THE COUNTRY

1. **Schedule**. Schedule XII A, B&C **(Footnote)**, Appendix II Part III -Air Force -FR Part I Volume II Issue of April 2002.

2. The powers are with VCAS/AOM/AOC-IN-C only MC up to 5 crores. VCAS will utilise powers for requisitioning specialists relating to for Ops related tasks and AOM for maintenance related tasks for centralised ranges/systems , specialists required at operational units and specialists from abroad for de-centralised ranges/systems . AOC-IN-C, HQs MC can requisition Indian specialists for decentralised ranges/systems within HQ MC, IAF for areas relating to under his jurisdiction . These powers cannot be further delegated

3. Requisitioning of specialists can be done from organizations / firms / vendors / OEM only . Free lance specialists cannot be hired under these powers . .

4. The CFA will be determined based on the Total cost i.e. cost of re-imbursement to the specialists as well as the cost of facilities being provided to the specialists.

5. **Occasions Areas/Ranges Covered**. Specialists can be requisitioned for any task for which expertise is not available in within the IAF or the quantum of the specialization available within the IAF is inadequate to meet the requirement or if contractual obligations warrant the requisitioning of the specialist . Examples are like ac warranty teams from manufacturer, team from manufacturer for any repair/inspection of aggregates or ac spares, indigenisation consultancy etc.

6. **Budgetary Support**. The financial outgo involved in the deputation of specialist shall be debited from the repair or supply or indigenisation code head of the corresponding weapon system for which the specialists are deputed. For example if specialists are coming for MiG-29 ac repair task, the money has to be debited in 741/31 (repair code head of MiG-29 ac). The financial outgo involved which need to be budgeted could include the reimbursement rates of specialists, hotel stay in India, air tickets from abroad to India and back and air travel within the country (if contract specifies that these have to be provided by customer), road transportation within the country and any other facilities as provided for in the contract. In case payment is to be made by operating units, the paying authority should be clearly brought out .

7. **Procedure to be followed (From abroad)**.

When the need for calling specialists from abroad has arisen, the maintenance cell at Air HQs is to make a proposal and the following is to be brought out :-

(a) Purpose for which specialists are required. How many specialists, type of specialists, duration and from where specialist is required is to be stated. The technical specialists should certify that these services have to be obtained and cannot be provided from existing assets of IAF. Full justification of needs and qty are to be spelt out. The facilities which would be provided to the specialist needs to be defined and costed . The facilities which normally could be provided to the specialist are: -

(i) Travel from his country to India and back

(ii) Travel by road ,rail or Air within India

(iii) Transportation at work site

(iv) Lodging and messing (graded)

(v) Facilities for families and recreation , normally provided in case of long stays .

(vi) Medical facilities

(b) It should be brought out that whether the services of the specialist are being obtained as per an existing contractual obligation or not .

(c) The basis of selection of vendor/s (whether proprietary or otherwise) should be clearly brought out in each case.

(d) The case should also bring out whether a General contract or any other agreement (covering terms & conditions and/or cost) exists with vendor from whom specialists are being called for (e.g. in case of RAC "MiG" and Ros-Oboronexport a general contract listing all terms and conditions has been finalized and is in vogue and if so whether the terms and conditions are in conformity with the contract . In case specialists are required from any other manufacturer the facilities to be provided should be brought out (these facilities which would be provided should be included in the RFP as well the contract to be negotiated and finalized).

(e) The proposal should be costed which should include the reimbursement rates of the specialists as well as the cost of all the facilities provided to the specialists. Costing of facilities is not to be included if it is being provided within the resources of the IAF. The bass of costing should be brought out in the proposal.

(f) A draft RFP is to placed alongwith the proposal which should bring out the services required as also the facilities which would be or would not be provided. The RFP should also bring out the terms of payment. It should be brought out if the services are available from more than one vendor or if the services can be obtained from one vendor only on proprietary basis .

(g) The case is to be processed for approval from necessity angle approval . Determination of the CFA is to be done based on the total cost i.e. cost of reimbursement to specialist plus cost of facilities .

(h) All powers in this regard are to be exercised by the CFA in consultation with the IFA .

(j) After necessity angle approval is accorded , the RFP is to be signed by an officer of the rank of Wg Cdr and above and offers requested for .

(k) Offers are to be obtained as per guidelines in AOM task directive 27/2001 and case processed for expenditure angle approval based on principles given in SOP relating to schedule XII (D) to (G). Negotiations if necessary are to be done by TPC chaired by the CFA with IFA as a mandatory member and specialist members be co-opted on a case to case basis . Power for conduct of the TPC cannot be delegated by the CFA .

(l) Based on the expenditure angle approval a contract or a supplement to the General contract should be finalised . The contract terms and conditions should be in conformity with the RFP and negotiations (if held) . The time frame in which the

activity is to be completed , the obligations of both the parties and facilities to be provided to the specialists is to be clearly brought out in the contract . The contract is to be vetted by IFA .

Note. In case reimbursement rates with any firm for the year in which they are to come over for the task are already negotiated then the case can be moved for necessity and expenditure angle together.

8. **Contract finalization**. After the contract is finalized, the following action is required: -

(a) A letter of authority listing all the facilities to be provided as per the contract to the vendors specialist/s by IAF is to be issued after approval of CFA in consultation with IFA . This letter is to be issued in consultation with IFA/JCDA and signed atleast by Dir at Air HQ and Dy SMSO at HQ MC. The letter should clearly specify the paying authority as well as the currency in which the payment is to be made (it could be partial Rupees and partial foreign currency) . The draft letter of authority is to be put up while seeking expenditure angle approval .

(b) Obtain the particulars of the specialists which include their name, passport number, fathers name, date till passport is valid, nationality, date and place of issue of passport and getting security clearance from Int. directorate for their work in specific IAF bases.

(c) Booking of air tickets through DD Mov (if the contract so specifies) from abroad to India and back. DD Mov has to be approached with letter mentioned at para 8(a) who in turn will issue a voucher for air tickets. This voucher from DD Mov has to be exchanged at Air India office and a specific number PTA will be given by Air India office. This PTA number has to be transmitted to concerned Air Attache alongwith the security clearance. The PTA number will help the specialists in getting the tickets in the country of origin. In addition, Air Attache or Company should be given dates on which the team is acceptable to the Indian side.

(d) A copy of letter at para 8 (a) should also be sent to be concerned bases where the specialists are going alongwith security clearance so that they also know what facilities are to be provided as well as their paying authorities .

9. **Deputation of Specialists from organisation (other than HAL) within the country.** The procedure is similar as requisitioning from abroad other than foreign air tickets. Their facilities and reimbursement rates can also be tailored according to the organisation and negotiations. In case of Govt organizations, clearance from his organisation and certificate that no TA/DA is being paid needs to be obtained.(in case TA/DA are being reimbursed by the IAF). Payment shall be done on contingent bill. The paying authority for Air HQs shall be CDA and for HQ MC shall be JCDA.

10. **Time Schedule** The time for the processing the case shall be as follows (these time limits would apply for both necessity and expenditure angle approval)

Activity	Agency	Time
Preparation of case	Concerned cell at Air HQ or HQ MC	15 days from receipt of requirement
Vetting by Penultimate CFA	ACAS/SMSO	03 days
Financial agency vetting	IFA/JCDA	10 days

Approval by CFA	AOM/VCAS/AOC in C HQ MC	-

11. **Documents to be put to IFA and CFA**

The following documents shall be put upto IFA and CFA

(a) Detailed justification for number of specialists and duration for which required. Also why the task cannot be handled within IAF resources.

(b) Details of vendors, which are being approached. For ac tasks only OEM should be approached. In case of other requirements the basis of selection of the vendors should be clearly spelt out.

(c) Costing of proposal should be complete i.e. including reimbursement rates to the specialist and other facilities to be provided.

(d) Draft RFP which gives the no of specialists required, duration for which required, all facilities which shall be provided to specialists including payment terms and all other standard contractual clauses

(e) Budgetary support confirmation .

(f) In case specialist is being hired from a Govt organisation , the clearance from the specialists organisation is to be put up in file along with the case .

(g) Proprietary article certificate in case of a single vendor situation, to be signed by Director at Air HQs or Dy SMSO at HQs MC .

(h) At time of expenditure angle approval Documents / file vide which necessity angle approval was accorded .

(j) At time of expenditure angle approval, Quotations are to be put up with Comparative statement of quotes plus extra charges for urgency if applicable with reasonably acceptable level of cost .

(k) Draft of Contract / Supply Order and letter of authority .

(l) At time of expenditure angle approval, Budgetary confirmation status is again to be put up .

12. **Check list for IFA and CFA**

(a) Is it necessary to hire these specialists ? Can this service not be obtained from existing Human resources of the IAF ?

(b) Is the detailed justification given for no of specialist and duration adequate or can the number be reduced vis a vis the job content ?

(c) Are the specialists being requisitioned from OEM and if not is there sufficient valid reason given to requisition them from other agencies ?

(d) Is budgetary support available

(e) Is draft RFP with all terms and conditions available.

(f) Has costing been done correctly ? In all other cases it should be as per LPP or specialists officers assessment. Is the offered cost reasonable .

(g) Are the facilities proposed to be given to the specialist adequate, less or more ?

(h) Are documents as listed above placed in the file and complete .

Policy Letters to be referred to :- Nil

Policy Letters superceded :- Nil

SCHEDULE: XII D, E, F & G

SOP FOR PROCUREMENT THROUGH TENDER PURCHASE COMMITTEE AT AIR HEADQUARTERS, HQ MC & DEPOTS

Schedule

1. Schedules XII D, XII E, XII F and XII G deal with the powers for indigenous and foreign procurement at Air HQ, HQ MC and Depots through a Tender Purchase Committee.

Sub-schedules

2. Schedule XII D. Schedule XII D confers powers for **indigenous procurement at Air HQ**. The powers are to be exercised in consultation with IFA at Air HQ. The powers have been delegated to VCAS / AOM, ACAS / Director of weapon system concerned and D Purchase to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurements for centralized range.

3. Schedule XII E. Schedule XII E confers powers for **indigenous procurement at HQ MC**. The powers are to be exercised in consultation with IFA at HQ MC. The powers have been delegated to AOC-in-C and AOLM at HQ MC to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurement for decentralized ranges. TPCs will invariably be conducted for all purchases exceeding Rs.5,00,000/-

4. Schedule XII F. Schedule XII F confers powers for **indigenous procurement of items of decentralised ranges at self-accounting Equipment and Repair Depots**. The powers are to be exercised in consultation with local IFA to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurement for decentralized ranges and for which the depot is the stock holding agency or the AHSP.

> **Note**:- In case of decentralized ranges, HQ MC can give combined and expenditure angle for import of items, only in cases where price lists are finalized. After approval HQ MC is to forward the sanction papers to the concerned Maintenance Cell for placement of order and effect of payment.

5. Schedule XII G. Schedule XII G confers powers for procurement ex-**import** at Air HQ. The powers have been delegated to VCAS / AOM and ACAS (Lgs) to effect purchases through a Tender Purchase Committee. These powers are to be exercised for all imports covering all centralized and decentralized ranges.

All procurements would be done by the concerned Maintenance Cell for the weapon systems it handles. Dte of Purchase will undertake all procurements for Dtes under ACAS(Lgs). In case of HQ MC and depots the procurement agency would be designated by AOC-in-C HQ MC and AOC/CO of the depot respectively.

Procurement of Critical/Urgent Requirements

(on AOG/PHU/MCM) from sources abroad

6. The provisions and procedure in respect of urgent indents as specified vide Govt of India letter No. Air HQ/60260/29/JR/1516/USI/D(Air-IV) dated 27 Jun 2001 based on which detailed working guidelines for implementation of above procedure have been amplified vide AOM's Canon 12/2001 (Copy of above GoI letter is enclosed with AOM's canon 12/2001) are to be followed .

Occasions

7. These powers are to be exercised only after the necessity angle approval vide Sch XII A / XII B / XII C has been accorded for the procurement .

Ranges

8. These powers would cover ranges for all procurement for which expenditure is to be incurred from Maintenance Revenue funds. For expenditure on a/c of Capital item / Purchases the proposal may be sent to MoD.

Budgetary Support

9. Budgetary support is presumed to be available under the respective code-heads once necessity angle approval has been accorded. However, it is mandatory that Budgetary support from respective code head is once again re-confirmed at the procurements stage also.

PROCEDURE

10. This SOP has been divided into **pre- & post-contract actions** for ease of reference and understanding.

PRE-CONTRACT ACTIONS

11. The various phases of this stage are: -

(a) Technical Vetting of Indent and financial vetting of Indent by IFA and determination of Mode of Tendering in consultation with IFA.

(b) Selection of sources in consultation with IFA and issue of Tender Enquiry/RFP duly vetted by IFA.

(c) Receipt of quotes, Technical Evaluation with IFA consultation, opening of price bids (Technically acceptable) and their acceptance in presence of Vendors.

(d) Preparation of Comparative Statement of Quotations (CSQ) and vetting of CSQ by IFA.

(e) Initiation of Purchase proposal and holding of Price Negotiations, if necessary in consultation with IFA.

(f) Re-tendering. in consultation with IFA.

(g) Obtaining expenditure angle approval (and if required enhanced cost sanction).

(h) Approval of TPC.

(i) Vetting of draft contract and recording of UO No. and date by IFA.

(j) Signing of final contract.

(k) Post contract activities (Para 35)

The Maintenance Cell / Provisioning cell or equivalent cell which obtains the necessity angle approval of IFA and CFA will forward a formal indent to the purchase cell, within 7 days of necessity angle approval. The indent is to be the same as approved by CFA at time of necessity angle approval. A indent no. is to be obtained from Dte MIS at Air HQ (HQ MC and depots are also to allocate indent numbers). The indent should clearly specify if technical and commercial bids are to be invited separately.

Vetting of Indent by Purchase Cell

12. The indent SORs is to be checked for its completeness with specific attention to weapon system, range of spares, recommended vendors or proprietary certificate (signed by Director of indentor or similar rank of HQ MC and Depot), details of the items indicating Qty, estimated cost, total financial implications including ED, ST, Freight etc and source of supply, sanction of CFA, financial concurrence of IFA, UO No and date of IFA, specifications wherever necessary, confirmation of budgetary support, code head estimated cost, expected delivery schedule and consignee distribution, in addition to other aspects. The indent is to be vetted by DGAQA / AHSP (for indigenous purchases) if the indenting Dte anticipates any changes in the specifications. The purchase cell while registering the indent shall carry out all his further communications under the original indent no. The purchase cell is to confirm registration to the indentor within 3 days of the receipt of the indent.

Vendor Selection and mode of tendering

13. A careful selection of the authorised and registered vendors is to be made in consultation with IFA for the range of spares on the Schedule of Requirement based on guidelines. The selected vendors from who offers are to be obtained should be in consonance with the indent.

Note:- HQs MC and EDs/BRDs will be responsible for registration of firms for purchase to be made by them respectively under their delegated power There is need for widening the vendor base at Command and Unit level. IFA/ rep of IFA, being a resourceful officer locally available having knowledge of financial, accounting and contractual matters and working experience of other Departments of MoD, may be invariably consulted in the process of registration of vendors, particularly with regard to verification of financial and commercial capabilities of vendors. As such, registration work is a multi-disciplinary and techno-commercial exercise.

14. In case any vendor is to be added or deleted from the names included in the indent, the issue is to be necessarily referred to indentor, IFA & CFA with reasons to be recorded as an on going exercise to increase vendor base Vendors already registered with Army, Navy, Ordnance Factories, DRDO, DGS&D and Defence PSUs for similar items will invariably be considered for issue of L.T.E. if considered by TPC unless these are recorded and adequate reasons to the contrary. Where such capacity verification is to be undertaken as deemed fit by TPC, it should invariably be undertaken before opening of tenders , though tenders will be provisionally issued to such vendors, pending capacity verification.

15. **Mode of Tendering is to be decided in consultation with IFA at necessity angle of approval stage itself.** All procurements of aircraft and weapon system related components and services are to be done on either proprietary, single tender (from OEM) or limited tender and not on open tender system. The need to obtain waiver from open tender for each indent is therefore not essential. Open tender is to be resorted to in case of procurement of general items where specifications can be easily related to by the market. All registered firms as per foot note at schedule XII (M) are to be approached irrespective whether they are less or more than 7/15 firms. No waiver from open tender enquiry is required if at necessity angle stage it is certified that all registered vendors would be approached. IFA should ensure that mode of tendering is clearly indicated in Indent at the time of financial vetting, Including the requirement of two-bid system where applicable.

Tender Enquiry/RFP

16. A tender enquiry or RFP is to be prepared incorporating all the required details from the indent and got vetted by IFA at necessity angle stage. In addition, the following is to be clearly mentioned: -

(a) Details of items required in a form, which each supplier can understand. Be specific if separate technical and commercial bids are required.

(b) Date and time of opening of tenders, giving a suitable period for adequate response.

(c) Desired period of validity of offers.

(d) Amount of earnest money to be deposited.

(e) Inspection clauses.

(f) Mode and terms of delivery.

(g) Mode and terms of payment and paying authority.

(h) Security deposit requirements.

(i) Performance Guarantee, if applicable.

(j) Arbitration Clause.

(k) Liquidated Damages Clause.

In case General contracts/main agreement exists with a firm, the RFP should be tailored accordingly in which case IFA consultation may be dispensed with. The RFP should be as approved at necessity angle stage and/or should be a true and complete reflection of the indent. Deviations if any should be done only after clearance of indentor and after approval of IFA and CFA. In specific cases, a two-bid i.e. technical commercial tender enquiry may be resorted to. **Two bid system should be invariably be followed where technical specifications are to be ascertained or are not known or are likely to be at variance between vendors, or which involve techno-commercial evaluation viz. Plant and Machinery /equipment and specialised stores etc.**

Note :- To the extent possible format of RFP / Tender Enquiry should be standardized.

Issue of Tender Enquiry/RFP

17. The RFP/tender enquiry should be issued within 3 days of registration of the indent. Normally tender enquiries and RFPs are to be sent by registered post only. Fax messages may be resorted to only in cases of Single Tender Enquiry/ Proprietary Purchases or AOG/urgent indents and only if the RFP/TE is five pages or less RFPs/tenders are to be signed by any gazetted officer.

18. Adequate time is to be given to the tenderers to respond, depending on the number of lines involved. The urgency should be also kept in mind. In case of general contracts (main agreement their terms and conditions should be adhered to.

Receipt of Quotes

19. Quotations are to be received in **sealed** envelopes. Fax / telegraphic quotes are to be accepted only incase of single tender, proprietary purchases and AOG/urgent requirements. The offers are to be opened by a **Board of Officers, including Finance representative of IFA/CFA.. Late tenders** (i.e. those received after the due date & time of opening) and

delayed tenders **are not to be opened** at all. **Exception to this principle can be made when the offer is against Single Tender Enquiry or Proprietary Purchase or from OEM. In case separate technical and commercial bids are invited only the technical bids are to be first opened and referred to the AHSP/Tech committee.** Commercial bids of only technically acceptable quotes are to be opened. Rejection of technical quotes can only be done by AHSP with the approval of ACAS at Air HQ, SMSO/AOLM, HQMC and AOC/CO of Depot, duly recording reasons in minutes of T.E.C. but not by individual technical officers.

20. The Tender Opening Sheet is to be authenticated by all the members the Board of officers including member (Fin.) and signature of vendors present at the time of opening bids must be obtained, with a certificate that sealed commercial bid have been opened in their presence.

Preparation of CSQ

21. Once all the accepted tenders have been received, the Purchase Wing IFW / FPW is to collate them in the form of Comparative Statement of Quotations (CSQ) and this should be signed by the purchasing officer. The CSQ will be vetted by IFA /CDA with regard to original quotations/tenders, indents and other supporting documents. A purchase proposal as per guidelines is to be formulated and put up to TPC as prescribed in MOD (Fin) with recommendations **within 7 working days of opening of bids**. The purchase cell on behalf of the TPC will not enter into any correspondence with any vendor on any commercial and financial issue related to the procurement unless he has the written approval of the TPC members or CFA in consultation with IFA. The purchase officer is responsible to confirm reasonability of cost and technical acceptance of quotes in the purchase proposal and will approach the indentor/specialist only for specific queries on specific item. General reference to indentor/specialists for general vetting of offer is not to be resorted to. Indentor is responsible to confirm that requirement still exists and to confirm budget availability. Cases of enhanced cost action are to be handled and processed based on principles given in Air HQ letter No/61279/35/4/Lgs dated 18 June 2001 in consultation with IFA.

.21-A While vetting the ranking statement/CSQ, IFA will ensure that where a firm/firms have not indicated taxes/duties/other charges as per Tender Enquiry which are otherwise applicable/leviable at a later date, are to be loaded as per prevailing rates correctly to equitably compare the offers and to determine the ranking order. After loading, if the loaded firm still remains L1, order will be issued for the quoted value but not for the loaded value.

Constitution of PNC and Holding of PNC Meetings

22. As a rule if prices are reasonable there should be no Price Negotiations. This is in consonance with MoD & CVC guidelines. However, exceptions can be made where the offers received are at wide variance from the estimated cost or it is common knowledge that the quoted prices are unreasonable. In such cases, **only the L1 is to be invited for a Price Negotiation Meeting**. The Purchase Coordinating Officer has no right to make a counter-offer to the firm on his own under any circumstances unless approved by the TPC.

23. A Price Negotiation Committee (PNC) including finance member is to be formed for conducting negotiations with the L1. The composition of the PNC is to be as enumerated at Schedule XII D to G. Additional members can be co-opted on a case-to-case basis. PNC should be held within 30 days of opening of the quote.

24. In case price negotiations are to be held, the Purchase Cell is to put up a brief of the case to the TPC member atleast five days before the negotiations commence. The brief should clearly spell out the aspects of the case and the points (including all issues other than prices also) on which discussion is to take place so that the PNC is fully aware of the case

and the contentious issues that have to be resolved in the price negotiation meeting. The PNC recommendations are to be clear and unambiguous. **A counter-offer may be made to the L1 only by the PNC.** In case PNC fails to arrive at any conclusion in the first instance, the next PNC is to be held by the next higher CFA within Air HQ, HQ MC. The minutes of all TPCs/PNCs ,including financial advice rendered if any, by IFA will be meticulously maintained and all such minutes will be signed by all members including members (Fin.)

25. The provisions and procedure laid down in Govt. of India Letter No. Air HQ/60260/ 29/JR/ 1516/USI/D(Air-IV) dated 27 Jun 2001 are to be followed for urgent procurements. .

Product Reservation

26. As stated vide para 3.5 of chap 3 of DGS&D manual (Annex-IX) it is important to note that all items of handloom textile items including Barrack and Blankets are to be procured by all Central Govt Departments including Defence only from ACASH (Association of Corporation and Apex societies of Handlooms) at prices which are fixed by Ministry of Textiles/Finance except specific items which are not as per specifications laid down for Defence exempted by MoD.

Norms to hold Price Negotiations (PNC)

27. Files may be made available to TPC member for examination and PNC briefs should be made available to the member's **at least 5 days before the PNC .** As far as possible an internal PNC should be held by the members before holding the PNC with the vendor Negotiations with LI/ techno-commercially acceptable vendor where considered essential may be conducted with prior concurrence of IFA in following cases..-

(a) When there is inadequate competition in LTE. less then three quotations are received against LTE.

(b) Wide variation between **Quotes of L1 and L 2 and amongst Quotes of tenderers.**

(c) Wide variation between **estimated cost and tendered cost.**

(d) In case of proprietary items procured on single tender where reasonability of rates cannot be justified.

(e) Where all tenders/firms quoting **one make but different prices and terms and conditions** etc. and

(f) Any other factor, which has a **bearing on financial terms and conditions directly or in directly** which IFA or TPC deems necessary to conduct negotiations.

Re-tendering

28. In extreme cases, where the L1 is not amenable to persuasion in reducing the costs, or not complying with among other things, **delivery schedule and standard payment terms,** re-tendering may be resorted to only after approval of IFA and CFA who are to satisfy themselves that re-tendering will not lead to further increase in prices.

29. In cases of re-tendering, fresh tender enquiries are to be issued to all vendors listed in the indent. However, additional vendors could be approached only after consulting the indentor, and obtaining approval of IFA and CFA. **The previous L1 must invariably be asked to compete afresh.**

30. In cases where against limited tender or open tender, single quotation is received, or which results in only one effective offer all such cases should be carefully examined and re-

tendered due to extreme inadequate competition as deemed fit by TPC duly recording reasons.

31. The procedure to be followed for inviting quotations, receiving them and preparing CSQ are the same as detailed above. RE-tendering will be done only after approval of IFA/CFA.

Approval by TPC, Expenditure Angle Sanction and vetting of Draft Contract

32. Once the minutes of the PNC meetings are finalised, a purchase proposal is to be put up to the CFA, through the penultimate CFA and IFA, for expenditure angle sanction and approval for procurement. This proposal is to be prepared on guidelines within 3 days of successful completion of PNC. Cost finally arrived at should be complete and clear including all taxes, P&F charges etc and not conditional.

33. The purchase proposal is to clearly bring out all the facts of the case, right from initiation to the agreed terms and conditions of the procurement.

34. A draft contract or supply order is also to be prepared and put up at the same time for approval. The draft contract is to be vetted by IFA who will record UO Note No and date. Delivery period in the contract should be specific and not conditional. Documents to be submitted for payment should be clearly defined.

35. Once the CFA approval has been accorded, the draft contract is to be finalized with the firm at the earliest. The contract/supply order is to be signed by an officer of the rank of atleast a Group Captain / Wing Commander. The supply order is to be sent in duplicate to the firm who will sign each page, of one supply order and return the same for record.

POST-CONTRACT ACTIONS

36. The various stages of this phase are: -

(a) Obtaining signed copy of the supply order.
(b) Distribution of contract copies.
(c) Security Deposit if applicable.
(d) Bank Guarantee / Performance Guarantee if applicable.
(e) Monitoring of supplies / deliveries.
(f) Opening of Letters of Credit.
(g) Payments, including levy of Liquidated Damages in **consultation with IFA and after CFA's approval.**
(h) Amendments to clauses of the contract to be done in consultation with IFA and after CFA's approval .
(i) Amendments to Letters of Credit in consultation with IFA and after CFA concurrence if there are any financial implication.
(j) Short-closing of contract in consultation with IFA and after CFA concurrence if there are any financial implication.
(k) Cancellation of **contract in consultation with IFA and approval of CFA.**
(l) **Invoking option clause, repeat order in consultation with** IFA.

Acceptance of Contract/SO/RMSO

37. The purchase officer has to have a monitoring system to ensure that the contracts placed are duly signed by the contractor. If no Supply Order is received within 14 days from the date of issue of the contract/supply order then a reminder is to be sent by Fax/Speed Post

and the matter pursued till a supply Order duly signed by supplier/firm in token of its acceptance (Rule 234 of FR Part I Vol. I) is received.

Distribution of Contract or supply order Copies

38. It is incumbent on the Purchase Coordinating Officer that copies of the contract / Supply Order are delivered to all the concerned agencies. Chief among these are: -

(a) The vendor.

(b) The consignee.

(c) The Inspection Agency.

(d) The Paying Authority. (original copy is to be endorsed)

(e) HQ MC IAF.

(f) Controlling Command of the consignee, if different from HQ MC.

(g) The indentor.

(h) The audit authority.

(i) File.

(j) IFA

(k) Port of destination (Emb HQ/MCUs)

(l) DDLIS, Air HQ RK Puram.

Monitoring of Supplies / Deliveries

39. Regular monitoring of supplies and delivery schedules is a must to ensure that both the parties meet contractual obligations.

Opening of Letters of Credit and Other Modes of Payment

40. The Letters of Credit are to be opened in accordance with the terms of the contract. There should be no delay that will invite adverse comments from any authority or agency, including the vendors. This will ensure the credibility of the IAF and will go a long way in fruitful cooperation among IAF and vendors.

41. Similarly, all payments are to be promptly cleared and all queries attended to on priority to obviate any misunderstandings.

Amendments to Contracts and LCs

42. All amendments to contracts, with financial implication (direct or indirect) including short closing, and delivery period extensions are to be invariably approved by the CFA, in consultation with the IFA. The note must bring out in detail the effects of the proposed amendments. Financial aspects are to be clearly spelt out, including release of security deposits, bank / performance guarantees and the effect on budget. UO Note No and date of IFA/CDA will be clearly indicated in all amendment letters.

Security Deposits and Bank & Performance Guarantees

43. Security deposits and bank / performance guarantees from nationalized banks subject to a **minimum of 5% and maximum of 10%** contract value are to be insisted on from the supplier as per prevailing regulations for indigenous procurements. The quantum of SD may be varied **in case of unregistered firms by CFA with concurrence of IFA** .These should be valid for the complete period of the validity of the contract/orders. All delivery period extensions should be subject to extensions of deposits and guarantees. Waiver from deposits

and guarantees can only be given by CFA **in consultation with IFA based on Govt approved regulations.** The requirement of SD, terms and conditions related to forfeiture of deposits and guarantee in case of failure should be clearly brought out in the contract/supply order. All security deposits and bank guarantees should be pledged in favor of CDA/IFA.

44 In case of plant and Machinery, performance guarantee equivalent to **10 % of the total contract value** is to be obtained from the contractor which will be kept valid till expiry of guarantee/warranty period, i.e.**18 months from the date of supply or 12 months from the date of successful erection and commissioning** whichever is less.

In case where **contractor fails to deposit/submit PG, it will be recovered from its bill,** which will be released only on **expiry of guarantee/warranty period.**

Provisions for performance guarantee are to be incorporated in tender enquiry. It is further to be ensured by IFA that such performance guarantee is obtained from **any nationalized bank and pledged in favour of CDA/IFA.**

Levy of LD

45. LD Clause invariably incorporated in all contracts .Levy of LD is to be done as per existing regulations and contractual obligation. TPC is empowered not to include LD clause in case of justifiable reasons. LD clause is not to be included in contracts/SO if the general contract/main agreement does not cater to such a clause. Extension of DP (Delivery Period) should be accompanied with levy of LD clause unless the CFA & IFA has waived it off. **LD is to be recovered@ 0.5% per week, 2% per month or part thereof, maximum of 10% of the value of out standing Supply / work.**

MISCELLANEOUS ACTIVITIES

46. Registration of Vendors. Registration of vendors is to be done with utmost care, to ensure that the firm is trustworthy, reliable and quality-conscious. As far as possible, OEMs are to be preferred. Registration of firms for procurement under schedule XII will be done by HQs MC associating IFA/rep of IFA. Registration of firms for procurement under schedule XII will be done by EDs/BRDs associating IFA/rep of IFA.

As an on going exercise to increase vendor base, **firms ,already registered with Army, Navy, Ordnance Factories, DRDO, DGS&D and Defence PSUs for similar items will invariably be considered for issue of L.T.E ,as deemed fit by TPC unless there are adequate and recorded reasons to the contrary. Where such capacity verification is to be undertaken as deemed fit by TPC , it should invariably be undertaken before opening of tenders, though tenders will be provisionally issued to such vendors, pending capacity verification.**

47. Acceptance of Excess Supplies. There may be occasions when excess supplies are made by the vendor due to various reasons. These excess supplies may be accepted, in exceptional case **but with the prior approval of CFA, with the concurrence of IFA.** The note to CFA, in such cases, must be detailed and completely self-contained, giving reasons why the excess supply arose and the necessity (or otherwise) for acceptance. All financial aspects for the excess supply must be clearly brought out in the note. **IFA will ensure that the value of such excess/short supplies should not exceed 5% of the original value and CFA will be determined by value of original order plus excess/short supply.**(Note under Rule 248 FR Part1, vol. I)

48. Repeat Orders. Against an outstanding indent for which acceptance of necessities has been approved by CFA repeat order can be placed with the consent of vendor under following conditions.

(a) Before placing a Supply Order for repeat purchase, the proposal will be submitted by Maintenance Cell for obtaining concurrence of IFA and approval of appropriate (For Original) CFA. The CFA will be determined **wrt. total value of certain proposal plus the present qty.** for which repeat order is being proposed to be placed. Repeat order is to be considered only in case of **urgency where there is no downward trend in prices and original S.O.** was placed after competitive binding. This order is to be placed within **6 months from the date of original Supply order.** It should not exceed 50% of original contracted quantity.

(b) The tech specification / description of item must be compared with earlier procurement / supply order.

49. Refund of Security Deposit and Bank / Performance Guarantees. Any deposits placed by the vendor as security deposit or bank / performance guarantee will be refunded to the vendor only on satisfactory completion of the contract. All such SD/PG **should be pledged in favour of CDA/IFA.**

50. Option Clause. Against an outstanding indent for which acceptance of necessities has been approved by CFA it may be advantageous to the IAF to have an option clause in the main contract that will allow exercising of **option clause i.e. 25% of original contracted quantity in accordance with the terms and conditions of the contract. This option clause may be exercised on approval of CFA, in consultation with IFA during currency of contract.** It should be ensured that there is no downward trend in the market, if no fruitful result will accrue by floating fresh RFPs. And items are urgently required.

50.(A) Audit of Sanctions: Ink-signed copies of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA(AF)/JCDA(AF) for audit of sanctions. Ink-singed copies of supply orders will be endorsed to CDA(AF)/JCDA(AF) for audit of sanctions, at the time of placement of supply order. Necessary subject file containing original tenders/quotations, CSQ, indent, minutes of TPC/PNC and other supporting documents should be made available to CDA(AF)/JCDA(AF) for audit of sanctions.

All sanctions issued with or without financial concurrence should be endorsed by respective CFAs ie Air HQrs. Commands and Units to respective audit offices viz, CDA(AF)/JCDA(AF) as the case may be.

This is separate from pre-audit of contractors bills which is to be undertaken by CDA(AF)/JCDA(AF) before releasing payment. CDA(AF) New Delhi, will carry out audit of all sanctions issued by Air HQrs with or without concurrence of IFA(Air HQrs), JCDA(AF) will carry out audit of sanctions all issued by HQMC, BRDs, AMSEs and other units under HQMC with or without concurrence of their respective IFAs.

Routing of Procurement Case Files

51. The procurement case file is to be initiated by the Purchase Coordinating Officer. The file is to be routed through the normal channels up to the penultimate CFA, who will then route the file **through IFA to the CFA.** This principle applies at HQs MC as well as depots.

Participation of TPC/PNC is different from financial concurrence. Though PNC is attended by representative of IFA, concurrence will invariably be obtained from appropriate IFA who will offer independent financial advice to CFA.

52. This SOP gives broadly the guidelines to be adopted for timely and effective procurement. Detailed guidelines at HQ MC and independent Depots are to be issued by the respective formations to ensure that the spirit of this SOP is followed.

Time limits for each activity of procurement and check list for CFA

53 The effect of delay in processing and clearance of various procurement activities needs no emphasis. The broad time limits proposed for each step in processing of a case is enumerated below

Sl no	Activity	Max No of days
1.	Raising of indent	Within 03 days of necessity angle approval
2.	Issue of RFP	Within 07 days of receipt & registration of indent
3.	Reference to TEC after receipt of offers in case of Two Bid system	Tech vetting of the offer should be completed within 7 days by TEC Opening of commercial offers within 7 days from date of conclusion of TEC.
4.	Constitution of PNC and holding of PNC	30 working days from date of opening of commercial offer including vetting of CST by IFA. CST should be prepared within 3 working days from date of opening of tenders.
6.	Conclusion of the contract	7 days from final approval by the TPC /receipt & approval of draft contract.

These steps also provide a checklist for intermediary and final CFA to effectively monitor the progress of a proposal and identify the stages at which the delay has occurred. This will enable CFA to institute suitable measures to accelerate the processing of the proposal and finalize the contract with required expediency. The period specified for various activities are more working guidelines which may vary from case to case depending on the urgency, requirement, availability of manpower, workload, information/documents and overall magnitude of the subject.

Actions to be taken in case time limits are not adhered to

54. Audit authorities, as an independent agency, are to comment upon the delays clearly bringing out the defaulters which will institute certain degree of accountability at all levels and have a positive impact on faster processing of proposals resulting in reduction in lead times and subsequent reduction in the inventory holdings of the IAF.

Policy Letters & Regulations (Reference)

AirHQs/61279/35/4/Lgs dated 18 June 2001

Policy letters superceded

Go I 22(6)/84/D (O-I) dated 24 Sep 1984

SCHEDULE: XII D, E, F & G

SOP FOR PROCUREMENT THROUGH TENDER PURCHASE COMMITTEE AT AIR HEADQUARTERS, HQ MC & DEPOTS

Schedule

1. Schedules XII D, XII E, XII F and XII G deal with the powers for indigenous and foreign procurement at Air HQ, HQ MC and Depots through a Tender Purchase Committee.

Sub-schedules

2. Schedule XII D. Schedule XII D confers powers for **indigenous procurement at Air HQ**. The powers are to be exercised in consultation with IFA at Air HQ. The powers have been delegated to VCAS / AOM, ACAS / Director of weapon system concerned and D Purchase to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurements for centralized range.

3. Schedule XII E. Schedule XII E confers powers for **indigenous procurement at HQ MC**. The powers are to be exercised in consultation with IFA at HQ MC. The powers have been delegated to AOC-in-C and AOLM at HQ MC to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurement for decentralized ranges. TPCs will invariably be conducted for all purchases exceeding Rs.5,00,000/-

4. Schedule XII F. Schedule XII F confers powers for **indigenous procurement of items of decentralised ranges at self-accounting Equipment and Repair Depots**. The powers are to be exercised in consultation with local IFA to effect purchases through a Tender Purchase Committee. These powers would be exercised for all procurement for decentralized ranges and for which the depot is the stock holding agency or the AHSP.

> Note:- In case of decentralized ranges, HQ MC can give combined and expenditure angle for import of items, only in cases where price lists are finalized. After approval HQ MC is to forward the sanction papers to the concerned Maintenance Cell for placement of order and effect of payment.

5. Schedule XII G. Schedule XII G confers powers for procurement ex-**import** at Air HQ. The powers have been delegated to VCAS / AOM and ACAS (Lgs) to effect purchases through a Tender Purchase Committee. These powers are to be exercised for all imports covering all centralized and decentralized ranges.

All procurements would be done by the concerned Maintenance Cell for the weapon systems it handles. Dte of Purchase will undertake all procurements for Dtes under ACAS(Lgs). In case of HQ MC and depots the procurement agency would be designated by AOC-in-C HQ MC and AOC/CO of the depot respectively.

Procurement of Critical/Urgent Requirements

(on AOG/PHU/MCM) from sources abroad

6. The provisions and procedure in respect of urgent indents as specified vide Govt of India letter No. Air HQ/60260/29/JR/1516/USI/D(Air-IV) dated 27 Jun 2001 based on which detailed working guidelines for implementation of above procedure have been amplified vide AOM's Canon 12/2001 (Copy of above GoI letter is enclosed with AOM's canon 12/2001) are to be followed .

Occasions

7. These powers are to be exercised only after the necessity angle approval vide Sch XII A / XII B / XII C has been accorded for the procurement .

Ranges

8. These powers would cover ranges for all procurement for which expenditure is to be incurred from Maintenance Revenue funds. For expenditure on a/c of Capital item / Purchases the proposal may be sent to MoD.

Budgetary Support

9. Budgetary support is presumed to be available under the respective code-heads once necessity angle approval has been accorded. However, it is mandatory that Budgetary support from respective code head is once again re-confirmed at the procurements stage also.

PROCEDURE

10. This SOP has been divided into **pre- & post-contract actions** for ease of reference and understanding.

PRE-CONTRACT ACTIONS

11. The various phases of this stage are: -

(a) Technical Vetting of Indent and financial vetting of Indent by IFA and determination of Mode of Tendering in consultation with IFA.

(b) Selection of sources in consultation with IFA and issue of Tender Enquiry/RFP duly vetted by IFA.

(c) Receipt of quotes, Technical Evaluation with IFA consultation, opening of price bids (Technically acceptable) and their acceptance in presence of Vendors.

(d) Preparation of Comparative Statement of Quotations (CSQ) and vetting of CSQ by IFA.

(e) Initiation of Purchase proposal and holding of Price Negotiations, if necessary in consultation with IFA.

(f) Re-tendering. in consultation with IFA.

(g) Obtaining expenditure angle approval (and if required enhanced cost sanction).

(h) Approval of TPC.

(i) Vetting of draft contract and recording of UO No. and date by IFA.

(j) Signing of final contract.

(k) Post contract activities (Para 35)

The Maintenance Cell / Provisioning cell or equivalent cell which obtains the necessity angle approval of IFA and CFA will forward a formal indent to the purchase cell, within 7 days of necessity angle approval. The indent is to be the same as approved by CFA at time of necessity angle approval. A indent no. is to be obtained from Dte MIS at Air HQ (HQ MC and depots are also to allocate indent numbers). The indent should clearly specify if technical and commercial bids are to be invited separately.

Vetting of Indent by Purchase Cell

12. The indent SORs is to be checked for its completeness with specific attention to weapon system, range of spares, recommended vendors or proprietary certificate (signed by Director of indentor or similar rank of HQ MC and Depot), details of the items indicating Qty, estimated cost, total financial implications including ED, ST, Freight etc and source of supply, sanction of CFA, financial concurrence of IFA, UO No and date of IFA, specifications wherever necessary, confirmation of budgetary support, code head estimated cost, expected delivery schedule and consignee distribution, in addition to other aspects. The indent is to be vetted by DGAQA / AHSP (for indigenous purchases) if the indenting Dte anticipates any changes in the specifications. The purchase cell while registering the indent shall carry out all his further communications under the original indent no. The purchase cell is to confirm registration to the indentor within 3 days of the receipt of the indent.

Vendor Selection and mode of tendering

13. A careful selection of the authorised and registered vendors is to be made in consultation with IFA for the range of spares on the Schedule of Requirement based on guidelines. The selected vendors from who offers are to be obtained should be in consonance with the indent.

Note:- HQs MC and EDs/BRDs will be responsible for registration of firms for purchase to be made by them respectively under their delegated power There is need for widening the vendor base at Command and Unit level. IFA/ rep of IFA, being a resourceful officer locally available having knowledge of financial, accounting and contractual matters and working experience of other Departments of MoD, may be invariably consulted in the process of registration of vendors, particularly with regard to verification of financial and commercial capabilities of vendors. As such, registration work is a multi-disciplinary and techno-commercial exercise.

14. In case any vendor is to be added or deleted from the names included in the indent, the issue is to be necessarily referred to indentor, IFA & CFA with reasons to be recorded as an on going exercise to increase vendor base Vendors already registered with Army, Navy, Ordnance Factories, DRDO, DGS&D and Defence PSUs for similar items will invariably be considered for issue of L.T.E. if considered by TPC unless these are recorded and adequate reasons to the contrary. Where such capacity verification is to be undertaken as deemed fit by TPC, it should invariably be undertaken before opening of tenders , though tenders will be provisionally issued to such vendors, pending capacity verification.

15. **Mode of Tendering is to be decided in consultation with IFA at necessity angle of approval stage itself**. All procurements of aircraft and weapon system related components and services are to be done on either proprietary, single tender (from OEM) or limited tender and not on open tender system. The need to obtain waiver from open tender for each indent is therefore not essential. Open tender is to be resorted to in case of procurement of general items where specifications can be easily related to by the market. All registered firms as per foot note at schedule XII (M) are to be approached irrespective whether they are less or more than 7/15 firms. No waiver from open tender enquiry is required if at necessity angle stage it is certified that all registered vendors would be approached. IFA should ensure that mode of tendering is clearly indicated in Indent at the time of financial vetting, Including the requirement of two-bid system where applicable.

Tender Enquiry/RFP

16. A tender enquiry or RFP is to be prepared incorporating all the required details from the indent and got vetted by IFA at necessity angle stage. In addition, the following is to be clearly mentioned: -

(a) Details of items required in a form, which each supplier can understand. Be specific if separate technical and commercial bids are required.

(b) Date and time of opening of tenders, giving a suitable period for adequate response.

(c) Desired period of validity of offers.

(d) Amount of earnest money to be deposited.

(e) Inspection clauses.

(f) Mode and terms of delivery.

(g) Mode and terms of payment and paying authority.

(h) Security deposit requirements.

(i) Performance Guarantee, if applicable.

(j) Arbitration Clause.

(k) Liquidated Damages Clause.

In case General contracts/main agreement exists with a firm, the RFP should be tailored accordingly in which case IFA consultation may be dispensed with. The RFP should be as approved at necessity angle stage and/or should be a true and complete reflection of the indent. Deviations if any should be done only after clearance of indentor and after approval of IFA and CFA. In specific cases, a two-bid i.e. technical commercial tender enquiry may be resorted to. **Two bid system should be invariably be followed where technical specifications are to be ascertained or are not known or are likely to be at variance between vendors, or which involve techno-commercial evaluation viz. Plant and Machinery /equipment and specialised stores etc.**

Note :- To the extent possible format of RFP / Tender Enquiry should be standardized.

Issue of Tender Enquiry/RFP

17. The RFP/tender enquiry should be issued within 3 days of registration of the indent. Normally tender enquiries and RFPs are to be sent by registered post only. Fax messages may be resorted to only in cases of Single Tender Enquiry/ Proprietary Purchases or AOG/urgent indents and only if the RFP/TE is five pages or less RFPs/tenders are to be signed by any gazetted officer.

18. Adequate time is to be given to the tenderers to respond, depending on the number of lines involved. The urgency should be also kept in mind. In case of general contracts (main agreement their terms and conditions should be adhered to.

Receipt of Quotes

19. Quotations are to be received in **sealed** envelopes. Fax / telegraphic quotes are to be accepted only incase of single tender, proprietary purchases and AOG/urgent requirements. The offers are to be opened by a **Board of Officers, including Finance representative of IFA/CFA.. Late tenders** (i.e. those received after the due date & time of opening) and

delayed tenders **are not to be opened** at all. **Exception to this principle can be made when the offer is against Single Tender Enquiry or Proprietary Purchase or from OEM. In case separate technical and commercial bids are invited only the technical bids are to be first opened and referred to the AHSP/Tech committee.** Commercial bids of only technically acceptable quotes are to be opened. Rejection of technical quotes can only be done by AHSP with the approval of ACAS at Air HQ, SMSO/AOLM, HQMC and AOC/CO of Depot, duly recording reasons in minutes of T.E.C. but not by individual technical officers.

20. The Tender Opening Sheet is to be authenticated by all the members the Board of officers including member (Fin.) and signature of vendors present at the time of opening bids must be obtained, with a certificate that sealed commercial bid have been opened in their presence.

Preparation of CSQ

21. Once all the accepted tenders have been received, the Purchase Wing IFW / FPW is to collate them in the form of Comparative Statement of Quotations (CSQ) and this should be signed by the purchasing officer. The CSQ will be vetted by IFA /CDA with regard to original quotations/tenders, indents and other supporting documents. A purchase proposal as per guidelines is to be formulated and put up to TPC as prescribed in MOD (Fin) with recommendations **within 7 working days of opening of bids**. The purchase cell on behalf of the TPC will not enter into any correspondence with any vendor on any commercial and financial issue related to the procurement unless he has the written approval of the TPC members or CFA in consultation with IFA. The purchase officer is responsible to confirm reasonability of cost and technical acceptance of quotes in the purchase proposal and will approach the indentor/specialist only for specific queries on specific item. General reference to indentor/specialists for general vetting of offer is not to be resorted to. Indentor is responsible to confirm that requirement still exists and to confirm budget availability. Cases of enhanced cost action are to be handled and processed based on principles given in Air HQ letter No/61279/35/4/Lgs dated 18 June 2001 in consultation with IFA.

.21-A While vetting the ranking statement/CSQ, IFA will ensure that where a firm/firms have not indicated taxes/duties/other charges as per Tender Enquiry which are otherwise applicable/leviable at a later date, are to be loaded as per prevailing rates correctly to equitably compare the offers and to determine the ranking order. After loading, if the loaded firm still remains L1, order will be issued for the quoted value but not for the loaded value.

Constitution of PNC and Holding of PNC Meetings

22. As a rule if prices are reasonable there should be no Price Negotiations. This is in consonance with MoD & CVC guidelines. However, exceptions can be made where the offers received are at wide variance from the estimated cost or it is common knowledge that the quoted prices are unreasonable. In such cases, **only the L1 is to be invited for a Price Negotiation Meeting**. The Purchase Coordinating Officer has no right to make a counter-offer to the firm on his own under any circumstances unless approved by the TPC.

23. A Price Negotiation Committee (PNC) including finance member is to be formed for conducting negotiations with the L1. The composition of the PNC is to be as enumerated at Schedule XII D to G. Additional members can be co-opted on a case-to-case basis. PNC should be held within 30 days of opening of the quote.

24. In case price negotiations are to be held, the Purchase Cell is to put up a brief of the case to the TPC member atleast five days before the negotiations commence. The brief should clearly spell out the aspects of the case and the points (including all issues other than prices also) on which discussion is to take place so that the PNC is fully aware of the case

and the contentious issues that have to be resolved in the price negotiation meeting. The PNC recommendations are to be clear and unambiguous. **A counter-offer may be made to the L1 only by the PNC.** In case PNC fails to arrive at any conclusion in the first instance, the next PNC is to be held by the next higher CFA within Air HQ, HQ MC. The minutes of all TPCs/PNCs ,including financial advice rendered if any, by IFA will be meticulously maintained and all such minutes will be signed by all members including members (Fin.)

25. The provisions and procedure laid down in Govt. of India Letter No. Air HQ/60260/ 29/JR/ 1516/USI/D(Air-IV) dated 27 Jun 2001 are to be followed for urgent procurements. .

Product Reservation

26. As stated vide para 3.5 of chap 3 of DGS&D manual (Annex-IX) it is important to note that all items of handloom textile items including Barrack and Blankets are to be procured by all Central Govt Departments including Defence only from ACASH (Association of Corporation and Apex societies of Handlooms) at prices which are fixed by Ministry of Textiles/Finance except specific items which are not as per specifications laid down for Defence exempted by MoD.

Norms to hold Price Negotiations (PNC)

27. Files may be made available to TPC member for examination and PNC briefs should be made available to the member's **at least 5 days before the PNC .** As far as possible an internal PNC should be held by the members before holding the PNC with the vendor Negotiations with LI/ techno-commercially acceptable vendor where considered essential may be conducted with prior concurrence of IFA in following cases..-

(a) When there is inadequate competition in LTE. less then three quotations are received against LTE.

(b) Wide variation between **Quotes of L1 and L 2 and amongst Quotes of tenderers.**

(c) Wide variation between **estimated cost and tendered cost.**

(d) In case of proprietary items procured on single tender where reasonability of rates cannot be justified.

(e) Where all tenders/firms quoting **one make but different prices and terms and conditions** etc. and

(f) Any other factor, which has a **bearing on financial terms and conditions directly or in directly** which IFA or TPC deems necessary to conduct negotiations.

Re-tendering

28. In extreme cases, where the L1 is not amenable to persuasion in reducing the costs, or not complying with among other things, **delivery schedule and standard payment terms,** re-tendering may be resorted to only after approval of IFA and CFA who are to satisfy themselves that re-tendering will not lead to further increase in prices.

29. In cases of re-tendering, fresh tender enquiries are to be issued to all vendors listed in the indent. However, additional vendors could be approached only after consulting the indentor, and obtaining approval of IFA and CFA. **The previous L1 must invariably be asked to compete afresh.**

30. In cases where against limited tender or open tender, single quotation is received, or which results in only one effective offer all such cases should be carefully examined and re-

tendered due to extreme inadequate competition as deemed fit by TPC duly recording reasons.

31. The procedure to be followed for inviting quotations, receiving them and preparing CSQ are the same as detailed above. RE-tendering will be done only after approval of IFA/CFA.

Approval by TPC, Expenditure Angle Sanction and vetting of Draft Contract

32. Once the minutes of the PNC meetings are finalised, a purchase proposal is to be put up to the CFA, through the penultimate CFA and IFA, for expenditure angle sanction and approval for procurement. This proposal is to be prepared on guidelines within 3 days of successful completion of PNC. Cost finally arrived at should be complete and clear including all taxes, P&F charges etc and not conditional.

33. The purchase proposal is to clearly bring out all the facts of the case, right from initiation to the agreed terms and conditions of the procurement.

34. A draft contract or supply order is also to be prepared and put up at the same time for approval. The draft contract is to be vetted by IFA who will record UO Note No and date. Delivery period in the contract should be specific and not conditional. Documents to be submitted for payment should be clearly defined.

35. Once the CFA approval has been accorded, the draft contract is to be finalized with the firm at the earliest. The contract/supply order is to be signed by an officer of the rank of atleast a Group Captain / Wing Commander. The supply order is to be sent in duplicate to the firm who will sign each page, of one supply order and return the same for record.

POST-CONTRACT ACTIONS

36. The various stages of this phase are: -

(a) Obtaining signed copy of the supply order.
(b) Distribution of contract copies.
(c) Security Deposit if applicable.
(d) Bank Guarantee / Performance Guarantee if applicable.
(e) Monitoring of supplies / deliveries.
(f) Opening of Letters of Credit.
(g) Payments, including levy of Liquidated Damages in **consultation with IFA and after CFA's approval.**
(h) Amendments to clauses of the contract to be done in consultation with IFA and after CFA's approval .
(i) Amendments to Letters of Credit in consultation with IFA and after CFA concurrence if there are any financial implication.
(j) Short-closing of contract in consultation with IFA and after CFA concurrence if there are any financial implication.
(k) Cancellation of **contract in consultation with IFA and approval of CFA.**
(l) **Invoking option clause, repeat order in consultation with** IFA.

Acceptance of Contract/SO/RMSO

37. The purchase officer has to have a monitoring system to ensure that the contracts placed are duly signed by the contractor. If no Supply Order is received within 14 days from the date of issue of the contract/supply order then a reminder is to be sent by Fax/Speed Post

and the matter pursued till a supply Order duly signed by supplier/firm in token of its acceptance (Rule 234 of FR Part I Vol. I) is received.

Distribution of Contract or supply order Copies

38. It is incumbent on the Purchase Coordinating Officer that copies of the contract / Supply Order are delivered to all the concerned agencies. Chief among these are: -

(a) The vendor.

(b) The consignee.

(c) The Inspection Agency.

(d) The Paying Authority. (original copy is to be endorsed)

(e) HQ MC IAF.

(f) Controlling Command of the consignee, if different from HQ MC.

(g) The indentor.

(h) The audit authority.

(i) File.

(j) IFA

(k) Port of destination (Emb HQ/MCUs)

(l) DDLIS, Air HQ RK Puram.

Monitoring of Supplies / Deliveries

39. Regular monitoring of supplies and delivery schedules is a must to ensure that both the parties meet contractual obligations.

Opening of Letters of Credit and Other Modes of Payment

40. The Letters of Credit are to be opened in accordance with the terms of the contract. There should be no delay that will invite adverse comments from any authority or agency, including the vendors. This will ensure the credibility of the IAF and will go a long way in fruitful cooperation among IAF and vendors.

41. Similarly, all payments are to be promptly cleared and all queries attended to on priority to obviate any misunderstandings.

Amendments to Contracts and LCs

42. All amendments to contracts, with financial implication (direct or indirect) including short closing, and delivery period extensions are to be invariably approved by the CFA, in consultation with the IFA. The note must bring out in detail the effects of the proposed amendments. Financial aspects are to be clearly spelt out, including release of security deposits, bank / performance guarantees and the effect on budget. UO Note No and date of IFA/CDA will be clearly indicated in all amendment letters.

Security Deposits and Bank & Performance Guarantees

43. Security deposits and bank / performance guarantees from nationalized banks subject to a **minimum of 5% and maximum of 10%** contract value are to be insisted on from the supplier as per prevailing regulations for indigenous procurements. The quantum of SD may be varied **in case of unregistered firms by CFA with concurrence of IFA** .These should be valid for the complete period of the validity of the contract/orders. All delivery period extensions should be subject to extensions of deposits and guarantees. Waiver from deposits

and guarantees can only be given by CFA **in consultation with IFA based on Govt approved regulations.** The requirement of SD, terms and conditions related to forfeiture of deposits and guarantee in case of failure should be clearly brought out in the contract/supply order. All security deposits and bank guarantees should be pledged in favor of CDA/IFA.

44 In case of plant and Machinery, performance guarantee equivalent to **10 % of the total contract value** is to be obtained from the contractor which will be kept valid till expiry of guarantee/warranty period, i.e.**18 months from the date of supply or 12 months from the date of successful erection and commissioning** whichever is less.

In case where **contractor fails to deposit/submit PG, it will be recovered from its bill,** which will be released only on **expiry of guarantee/warranty period.**

Provisions for performance guarantee are to be incorporated in tender enquiry. It is further to be ensured by IFA that such performance guarantee is obtained from **any nationalized bank and pledged in favour of CDA/IFA.**

Levy of LD

45. LD Clause invariably incorporated in all contracts .Levy of LD is to be done as per existing regulations and contractual obligation. TPC is empowered not to include LD clause in case of justifiable reasons. LD clause is not to be included in contracts/SO if the general contract/main agreement does not cater to such a clause. Extension of DP (Delivery Period) should be accompanied with levy of LD clause unless the CFA & IFA has waived it off. **LD is to be recovered@ 0.5% per week, 2% per month or part thereof, maximum of 10% of the value of out standing Supply / work.**

MISCELLANEOUS ACTIVITIES

46. Registration of Vendors. Registration of vendors is to be done with utmost care, to ensure that the firm is trustworthy, reliable and quality-conscious. As far as possible, OEMs are to be preferred. Registration of firms for procurement under schedule XII will be done by HQs MC associating IFA/rep of IFA. Registration of firms for procurement under schedule XII will be done by EDs/BRDs associating IFA/rep of IFA.

As an on going exercise to increase vendor base, **firms ,already registered with Army, Navy, Ordnance Factories, DRDO, DGS&D and Defence PSUs for similar items will invariably be considered for issue of L.T.E ,as deemed fit by TPC unless there are adequate and recorded reasons to the contrary. Where such capacity verification is to be undertaken as deemed fit by TPC , it should invariably be undertaken before opening of tenders, though tenders will be provisionally issued to such vendors, pending capacity verification.**

47. Acceptance of Excess Supplies. There may be occasions when excess supplies are made by the vendor due to various reasons. These excess supplies may be accepted, in exceptional case **but with the prior approval of CFA, with the concurrence of IFA.** The note to CFA, in such cases, must be detailed and completely self-contained, giving reasons why the excess supply arose and the necessity (or otherwise) for acceptance. All financial aspects for the excess supply must be clearly brought out in the note. **IFA will ensure that the value of such excess/short supplies should not exceed 5% of the original value and CFA will be determined by value of original order plus excess/short supply.**(Note under Rule 248 FR Part1, vol. I)

48. Repeat Orders.Against an outstanding indent for which acceptance of necessities has been approved by CFA repeat order can be placed with the consent of vendor under following conditions.

(a) Before placing a Supply Order for repeat purchase, the proposal will be submitted by Maintenance Cell for obtaining concurrence of IFA and approval of appropriate (For Original) CFA. The CFA will be determined **wrt. total value of certain proposal plus the present qty.** for which repeat order is being proposed to be placed. Repeat order is to be considered only in case of **urgency where there is no downward trend in prices and original S.O.** was placed after competitive binding. This order is to be placed within **6 months from the date of original Supply order.** It should not exceed 50% of original contracted quantity.

(b) The tech specification / description of item must be compared with earlier procurement / supply order.

49. Refund of Security Deposit and Bank / Performance Guarantees. Any deposits placed by the vendor as security deposit or bank / performance guarantee will be refunded to the vendor only on satisfactory completion of the contract. All such SD/PG **should be pledged in favour of CDA/IFA.**

50. Option Clause.Against an outstanding indent for which acceptance of necessities has been approved by CFA it may be advantageous to the IAF to have an option clause in the main contract that will allow exercising of **option clause i.e. 25% of original contracted quantity in accordance with the terms and conditions of the contract. This option clause may be exercised on approval of CFA, in consultation with IFA during currency of contract.** It should be ensured that there is no downward trend in the market, if no fruitful result will accrue by floating fresh RFPs. And items are urgently required.

50.(A) Audit of Sanctions: Ink-signed copies of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA(AF)/JCDA(AF) for audit of sanctions. Ink-singed copies of supply orders will be endorsed to CDA(AF)/JCDA(AF) for audit of sanctions, at the time of placement of supply order. Necessary subject file containing original tenders/quotations, CSQ, indent, minutes of TPC/PNC and other supporting documents should be made available to CDA(AF)/JCDA(AF) for audit of sanctions.

All sanctions issued with or without financial concurrence should be endorsed by respective CFAs ie Air HQrs. Commands and Units to respective audit offices viz, CDA(AF)/JCDA(AF) as the case may be.

This is separate from pre-audit of contractors bills which is to be undertaken by CDA(AF)/JCDA(AF) before releasing payment. CDA(AF) New Delhi, will carry out audit of all sanctions issued by Air HQrs with or without concurrence of IFA(Air HQrs), JCDA(AF) will carry out audit of sanctions all issued by HQMC, BRDs, AMSEs and other units under HQMC with or without concurrence of their respective IFAs.

Routing of Procurement Case Files

51. The procurement case file is to be initiated by the Purchase Coordinating Officer. The file is to be routed through the normal channels up to the penultimate CFA, who will then route the file **through IFA to the CFA**. This principle applies at HQs MC as well as depots.

Participation of TPC/PNC is different from financial concurrence. Though PNC is attended by representative of IFA, concurrence will invariably be obtained from appropriate IFA who will offer independent financial advice to CFA.

DETAILED WORKING GUIDELINES

52. This SOP gives broadly the guidelines to be adopted for timely and effective procurement. Detailed guidelines at HQ MC and independent Depots are to be issued by the respective formations to ensure that the spirit of this SOP is followed.

Time limits for each activity of procurement and check list for CFA

53 The effect of delay in processing and clearance of various procurement activities needs no emphasis. The broad time limits proposed for each step in processing of a case is enumerated below

Sl no	Activity	Max No of days
1.	Raising of indent	Within 03 days of necessity angle approval
2.	Issue of RFP	Within 07 days of receipt & registration of indent
3.	Reference to TEC after receipt of offers in case of Two Bid system	Tech vetting of the offer should be completed within 7 days by TEC Opening of commercial offers within 7 days from date of conclusion of TEC.
4.	Constitution of PNC and holding of PNC	30 working days from date of opening of commercial offer including vetting of CST by IFA. CST should be prepared within 3 working days from date of opening of tenders.
6.	Conclusion of the contract	7 days from final approval by the TPC /receipt & approval of draft contract.

These steps also provide a checklist for intermediary and final CFA to effectively monitor the progress of a proposal and identify the stages at which the delay has occurred. This will enable CFA to institute suitable measures to accelerate the processing of the proposal and finalize the contract with required expediency. The period specified for various activities are more working guidelines which may vary from case to case depending on the urgency, requirement, availability of manpower, workload, information/documents and overall magnitude of the subject.

Actions to be taken in case time limits are not adhered to

54. Audit authorities, as an independent agency, are to comment upon the delays clearly bringing out the defaulters which will institute certain degree of accountability at all levels and have a positive impact on faster processing of proposals resulting in reduction in lead times and subsequent reduction in the inventory holdings of the IAF.

Policy Letters & Regulations (Reference)

AirHQs/61279/35/4/Lgs dated 18 June 2001

Policy letters superceded

Go I 22(6)/84/D (O-I) dated 24 Sep 1984

Footnote under Schedule XII D

Powers to finalize price list and long term product support contract

1. **Schedule** Schedule XII D Footnote.

(a) The "Footnote" at Schedule XII D **authorizes/envisages AOM/AOC-in-C HQ MC, in consultation with IFA to: -**

(i) Finalise 'Long Term Product Support' contracts **except for Defence PSUs** for maintenance requirement.
(ii) Finalize 'Price List' and pricing philosophy norms for operation of price lists except for **Defence PSUs** for maintenance requirement.

(b) Above has to be based on principles as laid down and approved by MoD, based on detailed SOP laid down in consultation with IFA.

(c) AOM will enter into LTPSAs (Long Term Product Support Agreements) and related price lists and agreements for all import and also for indigenous centralized systems. AOC-in-C HQ MC will enter into LTPSAs and finalize price lists and related agreements only for indigenous supplies for decentralized ranges only, in consultation with their respective IFAs.

2. **Occasions**: Whenever a need is conceived to provide for life time product support for a system or to ensure uninterrupted supplies and services from any supplier or it is beneficial to the state in long term or when it is not feasible to develop many vendors does not exist due to initial large capital investment, criticality of technology and its absorption by the vendor and criticality of the item, a long term product support agreement with-in-built price fixation mechanism will be preferable with the vendors. A long-term product support agreement could be entered into in case we are dependent upon the vendor on a recurring basis and the equipment which needs to be supported is likely to continue into service for atleast 10 years. Ideally a long-term support agreement should be entered into with the OEM or a vendor who has developed or manufactured the item. However, in case the country's laws do not permit OEM to export items directly a long-term product support agreement could be entered into with the authorized agency (established vendor) who is directly supported by the OEM. The authorized agency should be an established vendor as defined by MoD. A similar principle is to be adopted for finalization of price lists.

Note: For finalizing price list a detail of last 3 years procurement price of each item or LPP has to be indicated before finalization. The present downward / upward trend has to be indicated.

3. **Range**: A long term product support agreement and price lists can be entered into for all ranges of equipment in use in the IAF covering all type of maintenance services. Existing agreements or general conditions can be modified or amended or extended.

4. **Budgetary Support**: There is no expenditure involved. In cases where common agreements are entered into by MoD with a vendor for a particular maintenance service for all the three services separate agreements cannot be entered into by Air HQ/HQ MC.

5. **When 'Long Term Product Support Agreement (LTPSA)' can to be Entered Into**: The decision to enter into LTPSA will be case specific. Ideally a LTPSA should be

entered into with the principal vendor/OEM or on whom we are solely dependent on a recurring basis i.e. purchases from the vendor are done in large volumes or on proprietary basis. Following guidelines however, will be adhered to decide to enter into LTPSA: -

(a) In case of foreign vendors the LTPSA will be preferable for long term product support encompassing training, supply of publication/catalogues/ modifications, supply of spares, (normal and urgent) repair of assemblies, warranty and its execution calibration for the equipment etc. is in use by the IAF. The LTPSA should be with OEM or principal vendor from whom equipment was procured or an established vendor if the OEM does not possess an export license. It is prudent to have LTPSA at the tune of initial purchase. If done subsequently specific reasons need to be spelt out.

(b) In case of indigenous vendors LTPSA for Maint services (supply, repairs, calibration, specialists hiring, urgent supply etc.) should be entered into: -

(i) To ensure uninterrupted supplies and services from indigenous vendors (other than Defence PSU) because: -

(aa) To save foreign exchange and promote indigenisation.

(ab) To save time for procurement from abroad and to resolve post warranty problems.

(ac) Critical technology cannot be provided by other vendors.

(ad) Highly qualified/skilled personnel required for technology absorption. Availability of such skilled/qualified personnel is not assured in the local market.

(ae) Other vendors cannot be developed easily and in short span of time.

(af) MPE requirement is not lucrative enough to attract other vendors and it is neither economically viable to produce in small quantities/batches nor commercially/attractive.

(ag) When the spares will be required over a long span of time.

(ah) When quality assurance and inspection requires elaborate and detailed technical methods, extensive documentation and expertise to qualify products to aviation standards. And that establishment of such QA system may not be easily possible by the vendors.

(aj) When rejection rates during the manufacturing process and in final products are high due to critical technological processes and stringent standards/fine tolerances.

(ak) When the vendor is agreeable to negotiate cost structure and enter into Long Term Price Fixation.

6. **Process for Approval in Principle to Enter into LTPSA**

(a) **Acceptance of Necessity**

(i) Necessity for entering into LTPSA will have to be first concurred by IFA and accepted by the CFA as per the delegated powers in Schedule XII. CFA,

while accepting the necessity, will ensure guidelines in para 5 above are adhered to. IFA should clear the case within 10 days of its receipt. Following documents, authenticated figures/facts etc are to be mentioned in the proposal for acceptance of necessity for IFA and CFA:-

(aa) when was the main equipment procured?. What is the expected life?. Whether LTSA was finalized initially or not?. Reasons for not carrying out?.

(ab) Expected leftover useful life cycle of the main equipment or system for which exploitation is planned and reasons for entering into LTPSA?

(ac) What type of services are to be availed?

(ad) Are there any product support clauses in the main contract vide which the main equipment was procured?

(ae) If the LTPSA is not being finalized with the OEM reasons for not entering into LTPSA with OEM should be brought out?

(af) Is there an existing LTPSA with the firm or did a LTPSA exist which has lapsed?

(ag) Estimate annual expenditure on the maintenance services of the equipment

(ah) Broad system of indenting, supply and payments which are proposed to be included in the LTPSA.

(ai) Broad outline of other terms and conditions of the LTPSA proposed to be entered into? For what period should the LTPSA be applicable (should extend upto full service life of the main equipment as far as possible)

(aj) Broadly outline as to hour the LTPSA would be operated when finalized and who would operate the LTPSA.

(ak) Advantages of entering into LTPSA.

(al) It should be certified that no LTPSA exists with the firms and that no other LTPSA is in the process of being finalized by any other agency.

(am) The draft RFP should be placed in file.

(b) After concurrence by IFA and acceptance of necessity by the CFA, the likely OEM/vendor is to be intimated of the intention to enter into long-term product support agreement through a formal request for proposal (RFP). The RFP should be a detailed document clearly bringing out services required and type of contract which is proposed to be entered into. The RFP should be signed and released by ACAS at Air HQ and SMSO/AOLM at HQ MC. Offers should be invited in sealed envelopes are opened by an independent board of officers detailed by ACAS at Air HQ and SMSO/AOLM at HQ MC.

(c) The LTPSA will be entered into by the concerned ACAS of the maintenance cell at Air HQ and SMSO/AOLM as designated by AOC-in-C HQ MC, with prior occurrence of respective IFA.

(d) The RFP is not meant for competitive tendering. In case where more than one vendor exists separate LTPSAs are to be entered into with each vendor. A LTPSA is not a binding agreement to procure items from one vendor only and nor is it meant to restrict competition.

(e) Based on the offer of the firm the following comments are to be compiled by the maintenance cell/agency at HQ MC designated to finalize the LTPSA, with concurrence of IFA.

(i) Clauses acceptable as offered
(ii) Clauses not acceptable or partially acceptable with reasons thereof
(iii) Clauses not included and need to be included
(iv) Is the offer in line with the initial proposal. If not deviations be brought out. Are deviations acceptable? If yes, reasons thereof and if not proposed course of action.

(f) The above analysis is to be put up to IFA and CFA within 15 days of receipt of the offer along with a second RFP. This second RFP is to be put up only in case of major deviations in the offer and other wise firm is to be called for negotiations. The second RFP is to be termed as request for BAFO (Best And Final Offer). The second RFP (BAFO) should be released only after approval of IFA and CFA .

(g) Based on the response to the initial RFP and BAFO the firm is to be invited over for negotiations. The negotiations are to be held by a committee consisting of

AOM/AOC-in-C HQ MC – Chairman
IFA - Finance Member

Specialist officer as designated by ACAS at Air HQ and by SMSO/AOLM at HQ MC.

The committee may form a sub-committee to carry out initial negotiations with the vendor but the final decision will be taken by the Main Committee.

(h) Based on the negotiations a final proposal along with the copy of final contract to be entered into should be put up for approval of IFA and CFA. After the approval is obtained the contract is to be signed by ACAS at Air HQ and SMSO (AOLM at HQ MC and the vendor). This proposal should be vetted and approved by IFA within 3 weeks of submission of the proposal.

7. **Clauses of Contract** The mandatory clauses which should form part of a contract and which are to be vetted by IFA are as follows :-

(a) Subject of the contract
(b) Indenting procedures and time limits for submission of offers
(c) Range of equipment and type of services
(d) Terms of delivery
(e) Terms of payment
(f) Quality, specifications, inspections etc.
(g) Guarantees (If necessary earnest money be obtained)
(h) Transportation, making, packing etc.
(i) Claims

(j) Out of Production support clause
(k) Supply of technical documents especially flight safety
(l) Liquidated damages
(m) Force Majeure clause if insisted by the vendor/supplier
(n) Arbitrations/settlement of disputes
(o) Confidentiality
(p) Non-involvement of intermediary
(q) Any other clauses at directed by MoD /MoD (Fin)/IFA.

8. In addition to the mandatory clauses, optional clauses as required by circumstances/specific to the case, may also be included in consultation with IFA/CDA. The optional clauses to be entered into should be clearly brought out in the initial proposal.

9. All contracts required to be entered into by IAF are "on behalf of the president of India" and not on behalf of an individual.

10. Copies of the contract should be distributed as given below :-

(a) Both the parties to the contract.
(b) Purchase Cell
(c) JCDA(AF) and IFA (ink signed contracts) with specimen signatures
(d) Operating depots/units as well as depots/units likely to receive services under the contract
(e) Payment authority
(f)Audit authority (internal and external)

Finalization of price lists and agreement to operate the price lists

11. The SOP lays down the philosophy and basis of forming, finalization and operation of the price lists for aggregates, spares, publications/catalogues/manuals, materials, repair of main equipment and sub assemblies deputation of specialists etc. Price list should be finalized separately for supply, repair of equipment and for other services.

12. Price lists and agreements to operate the price lists would be entered into by AOM for all foreign purchases and indigenous purchases for centralized ranges and by AOC-in-C HQ MC for indigenous purchases for decentralized ranges only. Price lists and agreements to operate lists should be finalized with firms on similar principles as in case of LTPSA.

13. A comprehensive proposal is to be put up to IFA and CFA which could fall into following categories :-

(a) Price lists and agreement on pricing philosophy are finalized and additional items need to be added to the price list

(b) Agreement on pricing philosophy is finalized and price lists are to be finalized.

(c) Price lists are finalized but agreement on operation of the price lists is to be finalized.

(d) Both agreement on pricing philosophy and price lists are to be finalized.

14. The process and procedure as followed for finalization of LTPSA i.e. in principle approval (necessity angle) , holding of negotiations and final approval by IFA and CFA should be followed for finalization of price lists and agreements on operation of price lists/pricing philosophy. Each price lists should mandatorily have an agreement on operation of price lists/pricing philosophy. After the offered or draft price lists are received, these should be verified by specialist officer and his staff as a time bound exercise. It is incumbent

on the specialist officer of Air HQ/HQ MC to provide inputs on each item for IFA and his staff to ascertain reasonability of prices except for low value or low turnover items. The definition of low value or low turnover is to be decided by CFA in consultation with IFA on a case-to-case bases. The details of last 3 years contract price or LPP be indicated against each item to ascertain reasonability of quoted proposed price in the price list.

15. **Approach to the formulation of the Price Lists and Agreement on pricing philosophy** All prices will be finalized through negotiations between both the sides which will take place by a committee consisting of the IFA the CFA and reps of specialists officers. The committee may form a sub-committee to do the groundwork for the main committee. Any of the following principles could be utilized for negotiations and finalization of the price lists.

(a) The LPP price of the equipment/spares supplies.
(b) System to sub-system ratios as decided by CFA in consultation with IFA.
(c) Cost of similar items
(d) Any other system which can justify reasonability of cost is to be made.

16. The Price in price list will be in currency in which payment is to be made.

17. Prices fixed in the price lists are to be with 'no advance' liability to the buyer. In case of granting the advance payment by the buyer in exceptional cases the vendor will grant discounts at agreed levels in relation to the total value of the supplies and quantum of advance payment. IFA must be consulted in such matters. Similarly bulk discount levels should be clearly indicated in the agreement on pricing philosophy.

18. Applicability of the price list i.e. duration for which the prices will be valid as well the month and date of the year when escalation is to be applied should be clearly defined.

19. Any amendment to agreed price list will be incorporated with the mutual agreement of both the parties and with prior concurrence of the IFA.

20. **Principles of Price Escalation** The escalation to be applied to the price list of any year will be as on a defined date of each following year and the escalation so applied will be valid for the whole year (12 months) or as negotiated & defined in the contract. Such clauses will be incorporated only with the prior concurrence of IFA/CDA. However, this could be tailored to meet specific requirements.

21. **Percentage Escalation** The percentage escalation to be applied after the base year is to be agreed to by both the parties. CFA will obtain prior concurrence of IFA in this. The percentage of escalation should have relationship to any of the following :-

(a) Average annual inflation rate
(b) Wholesale Price index
(c) Indigenous availability, i.e. whether material is available or imported.
(d) Average prevailing wholesale rates of materials used in manufacture of the spare/equipment as obtained from reputed trade journals or publications of industrial associations, Govt etc.
(e) Policy of Govt regarding imposing / reduction in excise duty / custom duty (for indigenous only).

(f) . Average accepted labour hour rate in the respective industry.

22. Percentage escalation should be fixed in the agreement on pricing philosophy either based on formulae with inputs from authorize government agencies or renowned agencies. In cases where flat escalation rates are fixed their period should not exceed 5 years and this figure should be again re-negotiated.

23. System and principles of Addition to existing price lists as well as inclusion of in lieu or evoluted items should be clearly brought out in the agreement on operating the price list.

24. Any unprecedented increase or decrease in prices of inputs, which warrant amendments to agreed price list, will be put up by the vendor to the contract operating officer for consideration of CFA and IFA and final incorporation into the contract.

25. **Repair and overhaul of equipment/sub-assemblies/spares and other services** Separate price list will be formulated for each type of repair , modifications, overhaul etc. of equipment, components, sub-assemblies etc. and other services. Cost of repair of units/ aggregates in connection with repair/defect not within guarantee period or exceeding the appointed life would not be included in the price list. The cost of repair/defect rectification should not generally exceed 33% of the original cost and in any case 50% of the original cost of the equipment/assembly/component. The prior concurrence of IFA/JCDA(AF) will invariably be obtained to finalize such price lists.

26. The price indicated in the price list will be applicable for new, unused and current production items only, in case of supplies.

27. The prices once fixed in the price lists are not negotiable except in exceptional cases, as give above, which will be negotiated by the both the parties which will invariably be attended by IFA.

28. After finalization of LTPSA and price list procurement is to be done based on delegated financial powers & SOP relating to schedule (A) (B) (C) & (D) (E) (F) (G).

Check list for CFA and IFA

29. It should be ensured that each case of LTPSA, price list and agreement on operation of price list/pricing philosophy are cleared from necessity angle before the negotiations are held.

30. The reasons for entering into a LTPSA, price list and agreement on operation of price list/pricing philosophy should be adequate and justifiable.

31. CFA is not to clear any proposal for LTPSA, or clear any case for finalization of amendment to price lists or finalize any agreement on pricing philosophy unless the opinion of IFA has been taken.

32. Finalization of LTPSAs, price lists and their operating agreements are long drawn processes. Hence, CFA and IFA should insist on drawing out a fixed time schedule for them and monitor them regularly.

33. **Documents to be put up along with the proposal**

For LTPSA (at necessity angle stage)

(a) Draft RFP
(b) Extract of main agreement which lay down product support guidelines
(c) Time schedule chart for finalization of proposal

For LTPSA (at stage after offer is received and for finalization of the proposal)
(a) Draft contract/offer
(b) Negotiation minutes

For Price list (after necessity angle stage)

(a) Draft price lists to be finalized

(b) Working sheets justifying reasonability of cost of each item except low turnover/value items (as decided). Each sheet is to be signed.

34. **CONCURRENCE OF IFAs**:

In respect of L.T.P.S.A., IFAs will be involved right from the stage of acceptance of necessity, determining the mode of tendering, vetting of RFP/draft tender enquiry, selection of vendors ,vetting of C.S.T.,TPC/PNC and post-contractual matters.

The U.O. No. and date of IFA will be prominently shown on L.T.P.S.A.

For finalization of agreement on pricing philosophy

(a) Final draft agreement to be entered into.

Reference superceded

NIL

(Schedule XII- H)

SOP FOR NOTING AND RELEASE OF FFE

Occassions: When foreign exchange (FFE) is to be paid/released

Range: All contracts finalized/to be finalized in foreign exchange.

PROCEDURE FOR FFE RELEASE

Annual Projection :

1. At the time of projection of RE/BE, each Weapon Cell is to work out the notional FE budget for the following year by taking into account the known committed liabilities as also expected fresh liabilities and the same is to be projected to DMA to reach along with RE return by 15 Nov. The weapon Cells are to indicate the contract detail where available as well as broad items of expenditure in case of anticipated liabilities.

2. The DMA is thereafter to consolidate the notional FE budget and refer to IFA for vetting and concurrence. After concurrence, the notional FE budget is to be forwarded to Dte of Fin Plg and MoD Finance as was being done in the past.

3. MoD(Fin/Bud) vide their letter No ID No 230/(6)/98/B-II dated 28 Apr 98 has issued necessary instructions to be followed for release of FFE by IFA (Air Force) and at Air HQ. The release of FFE by the CFAs at Air HQ would be made only after scrutiny of the proposal by IFA. MoD (Fin/Bud) will make available the required funds for the release on quarterly basis based on the projections made by DMA through IFA.

Quarterly Projections

4. The consolidated requirement of funds in respect of each Directorate is to be forwarded by respective ACsAS by 5th of the month preceding the commencement of each quarter. For example - funds required for the quarter Apr-Jun should be projected by 5th Mar. Similarly, for other quarters, info is to reach DMA by 5th of Jun, Sep and Dec.

5. DMA will consolidate the requirement of funds as a whole and project the requirement of the quarter to MoD (Fin/Bud) through IFA for vetting and clearance. MoD (Fin/Bud) will allocate the FFE budget for the Air Force in bulk which will cater to the entire requirement of FFE being released under delegated powers of CFAs at Air HQ only.

PROCEDURE FOR RELEASE OF FFE UPTO 8 CRORES

6. (a) **There are two states in the processing of FFE cases:**

Stage 1: The first stage involves sanction of the proposed expenditure by CFA from necessity angle. This sanction is to be obtained from the CFA by the maint Cell as per existing procedure.

Stage 2:

The second is the procurement stage which involves actual noting and release of FFE. Nothing of FFE by the Indentor and DDMC is primarily a confirmed

commitment for making available necessary financial support in terms of foreign exchange for the purchase proposal. After the bulk allocation is made to DMA, sanction for actual release of FFE will be accorded by CFAs as per the delegated powers laid down in the MoD (Fin/Air) letter mentioned above, following the procedure as below: -

(b) Proposals Progressed by D Purchase

(i) At the time of initiating the purchase proposal (PP) by D Purchase. the profoma for noting./release of FFE duly filled for noting/release will be placed in PP file by D Purchase for noting of same by the Indentor **(Annexure I refers).**

(ii) Indentor while scrutinizing the PP as member of the TPC will place release of FFE proforma along with the one placed by Dte of Purchase confirming availability of funds, noting of cash out to yearwise **(Annexure II refers)**

(iii) After purchase proposal is approved by TPC/CFA, D Purchase is to send the file to DDMC for confirming availability/provisional noting of funds.

(iv) Thereafter, DDMC is to send the file to D Purchase for placing of contract and sending the file to IFA for vetting and recommendation to CFA for release of FFE.

(v) The CFA will accord his approval for release of FFE and forward the proposal file to IFA for noting of FFE.

(vi) IFA is to route the file to D Purchase through DDMC so that DDMC notes the UO No/ID No in his records.

(vii) D Purchase to send a copy of the approved FFE release proforma to Indentor for further action.

(viii) Channel of movement of files containing proposals for release and noting is enclosed as **App 'A'** to this SOP

(c) Contracts progressed by Maint Cells:

In case of contractual and instalment payments which are progressed by Maint Cells and not through D Purchase, the dealing Maint Cells will process the case for FFE release to IFA/CFA through DDMC. In the case of contracts in operation, dealing Maint Cells are to indicate Contract No, Amount of Contract, Advance Payment details, Balance Amount to be paid, Invoice No; Certificate regarding non-payment and receipt of stores against particular invoice, delivery schedule and liquidated damages to be imposed in cases of late deliveries etc. In such case files will be routed as shown at **App 'B'** to this directive.

7. The detailed procedure for release of FFE have been issued vide MoD/Fin ID No 230(6)/98/B.II dated 28 Apr 98 and ACAS (Lgs) Directive 2/98 dated 12 Nov 98 **(Copies placed as Appendices 'C' and 'D' respectively)**. However, the financial limits will be as enhanced vide GOI letter dated 01 Apr 02 i.e. upto 4 crores by ACAS concerned and beyond 4 crores and upto 8 crores by AOM.

Procedure for Payment Authorisation for Procurement carried out under Delegated Powers i.e. uoto Rs. 8 crores :

8. The present system of payment has three modes i.e. Purchase through Letter of Credit, Invoice or Bill Payment and Advance Payment. Once the sanction of the CFA is available in all these modes, the related payment will be effected by CDA on submission of requisite documents by the concerned Dte/D Purchase. Payment Authorisation Letter (PAL) as per format given at **Appx 'E' &. 'F'** alongwith a certified copy of FFE Release Proforma duly approved by CFA quoted with I.D./U.O. No by IFA and Form I as per standard formats will be forwarded to CDA (HQ) by the Dte. In case of payment by LC, the relevant LC Application Form duly completed should also be sent alongwith these documents. The specimen signatures of the authorised signatories of PAL is to be forwarded to CDA (HQ). CDA (HQ), New Delhi would prescribe a check list of documents essentially required by them for processing of payment proposals so that there is no occasion for returning of payment proposals for want of certain documents. An illustrative checklist for opening of LCs as circulated by the office of PCDA (HQ) vide letter No 49025/FPS-I/Misc/Russia dated 18 Jul 02 is placed as **Appendix G.**

Procedure for Release of FFE above Rupees 8 crores for Western / CIS countries:

9. The existing procedure in vogue will be followed for the cases /indents which are valued at prices exceeding Air HQ delegated power i.e. **Rs. 8 Crores**. These proposals will continue to be processed in consultation with MoD as is being done presently. DGL for payment authorisation to CDA (HQ) will continue to be issued by MoD only.

Denoting/Renoting of FFE:

10. In case of delayed supply resulting in carry forward of financial liability to the ensuing financial year other than what was initially noted, D Purchase is to raise the fresh FFE release noting proforma and send the file to Indentor for de-noting/re-noting and placing a fresh release of FFE proforma according to period of cash outgo. Indentor is to send the file to IFA through DDMC for allotment of UO No. IFA will return the file to D Purchase through DDMC so that DDMC may note UO No in his records. D Purchase is to inform the Indentor accordingly. Where applicable a similar procedure is to be followed by Maintenance Cells for contractual/instalment payments. De-noting should be done immediately after receipt of information of delay in supplies, so that the FFE amount would be available for any other contract, during the same financial year.

11. **DMA/DDMC is to ensure the following :**

(a) Maintenace of an authentic and well-maintained record of all FFE notings carried out under the delegated powers which should show separately FFE release under the following serials:

21. Aircraft
22. Aircraft - UK
23. Aircraft Spares - USA
24. Aircraft Spares – France, Russia and other countries.
25. Signals, Armament and other Electric Spares.
26. Miscellaneous.
26A. Assemblies and sub-Assemblies.

(b) The FFE release register should serve as a parallel record to the one maintained by IFA and hence is to be a replica of the IFA maintained register.

(c) FFE released after issue of Supply Order/Contract represents total expected FFE liability for the financial year. Against this sanction, PALs as and when issued by Weapon Cell/D Purchase and received by DDMC is to be entered in the FFE register

and this is to be treated as cash outgo and compared/tallied with PCDA(HQ) records.

(d) To prepare and send a monthly summary of the FFE releases noted against each of the serials in the form of report to IFA so as to reach him by 5th of the following month.

(d) PCDA(HQ) would be sending a monthly report giving the actual FFE outgo both to IFA and DMA. The records are to be tallied and discrepancies are to be sorted out mutually between PCDA(HQ), IFA and DMA.

12. **Details /Documents to be submitted with each case for FFE realease**

(a) FFE release proforma

(b) Contract copy or copy of order

(c) Confirmation that all contractual obligations have been met, documents like BG for advance payment and performance-cum-warranty bond have been submitted in the format prescribed in the contract/supply order, and that this payment has not been made earlier, no dues are to be recovered from the firm and that LD wherever applicable has been deducted

(d) Confirmation on availability of funds

(e) Draft Payment authorisation letter

13. **Check list for IFA and CFA**:

(a) To verify if the FFE release being sought is as per the contractual obligations.

(b) To ascertain correctness of the amount being released.

(c) To ensure that funds are available to meet this requirement.

14. **Time Schedule for processing of the case:**

(a)	Preparation of FFE release proforma By Maint cell	2 days
(b)	Noting by DDMC	1 day
(c)	Vetting and noting by IF A	3 days

15. **References**:

MoD (Fin/Bud) ID No. 230/16/98/B-11 dt 28 Apr 98.
ACAS (Lgs) Directive 2/98 dated 12 Nov 98.

Appendix' A'
(Refers para 6(b) (viii)

CHANNEL OF MOVEMENT OF FILES CONTAINING PROPOSALS FOR REFERENCE AND NOTING OF FFE

D Purchase - with purchase proposal (PP)draft

Indentor (Maintenance Cell) - Scrutinise PP and sign as Members of TPC. Also Place FFE release proforma

IFA - For financial scrutiny and concurrence

CFA Sanction

DDMC - Provisional noting of FFE

D Purchase - For replacement of SO

IFA - For concurrence for release of FFE

IFA - Noting the FFE and giving ID/UO No.

DDMC - Noting the ID/UO No. of IFA

D Purchase - For informing Indentor as well as for payment action when due.

Appendix 'B'

FLOW CHART

MAINTENANCE CELL (Confirmation of details as per para 3)

DDMC (Confirming provisional noting and availability of funds)

IFA (For vetting of proposal)

AOM/ACAS (Approval of release of FFE)

IFA (For giving ID No. UO No)

DDMC (Noting of ID No./UO No)

MAINTENANCE CELL (For necessary payment action when due)

Appexdix 'D'

(Refers to para 7)

Tele : 3377277

Air HQ/60265/79 /MC-1

12 Nov 98

OFFICE OF THE ACAS (Lgs)
DIRECTIVE NO 2/98

REVISED PROCEDURE FOR FFE RELEASE

INTRODUCTION

1. Under the orders contained in MOD(Fin./Air) letter, No. MOD (F) ID No. C5(I)/96/AF/EP dated 09 Mar 98, the existing delegated financial powers to AOM for release and noting of FFE of Rs.l lakh in respect of stores funded from the revenue budget have been enhanced to Rs.2 crores in each case in respect of stores procured from both Western and CIS countries. The enhanced delegated financial powers upto Rs. l00 lakhs are to be exercised by ACAS (Lgs) and above Rs. l00 lakhs to Rs.200 lakhs by AOM,

AIM

2. The aim of this directive is to lay down precise guidelines for Release and nothing of FFE under enhanced delegated financial powers at Air Headquarters.

BUDGETING

Annual Projection:

3. At the time of projection of RE/BE, each Weapon Cell is to work out the notional budget for the following year by taking into account the known committed liabilities as also expected fresh liabilities and the same is to be projected to DMA to reach along with RE return by 15 Nov. The Weapon Cells are to indicate Contract details where available as well as broad items of expenditure in case of anticipated liabilities.

4. The DMA is thereafter to consolidate the notional FFE budget and refer it to IFA for vetting and concurrence. After concurrence, the notional FEE budget is to be forwarded to Dte of Fin Plg and MoD (Fin) as was being done in the past.

5. MoD (Fin Bud) vide their letter No. ID. No. 230/(6)/98/B.11 dated 28 Apr 98 has issued necessary instructions to be followed for release of FFE by IFA (Air Force) and at Air HQ. The release of FFE by the CFAs at Air HQ would be made only after scrutiny of the proposal by IFA. MOD(Fin Bud) will make available the required funds for the release on quarterly basis based on the projections made by DMA through IFA.

Quarterly Projections

6. The consolidated requirement of FFE in respect of each Directorate is to be forwarded by respective ACsAS by 5th of the month preceding the commencement of each quarter. For example - funds required for the quarter Apr-Jun should be projected by 5th

March. Similarly, for other quarters, info is to reach DMA by 5th of Jun, Sep and Dec.

7. DMA will consolidate the requirement of FFE as a whole and project the requirement of the quarter to MOD (Fin/Bud) through IFA for vetting and clearance. MoD (Fin/Bud) will allocate the FFE budget for (the Air Force in bulk which will cater for the entire requirement of FFE being released under delegated powers of CFAs at Air HQ only.

PROCEDURE FOR RELEASE OF FFE UPTO Rs. 2 CRORES

8. (a) There are two stages in the processing of FFE cases:

Stage I :- The first stage, involves sanction or the proposed expenditure by CFA from necessity angle. This sanction is to be obtained form the CFA by the Maint Cell as per existing procedure before firm indents are raised on D Purchase.

Stage 2 : - The second is the procurement stage which involves actual noting and release of FFE. Nothing of FFE by the Indentor and DDMC is primarily a confirmed commitment for making available necessary financial support in terms of foreign exchange for the purchase proposal. After the bulk allocation is made to DMA, sanction for actual release of FFE will be accorded by CFAs as per the delegated powers laid down in the MoD (Fin/Air) letter mentioned above, following the procedure as below: -

(e) Proposals Progressed by D Purchase

(i) At the time of initiating the purchase proposal (PP) by D Purchase. the profoma for noting./release of FFE duly filled for noting/release will be placed in PP file by D Purchase for noting of same by the Indentor (Annexure I refers).

(ii) Indentor while scrutinizing the PP as member of the TPC will place release of FFE proforma along with the one placed by Dte of Purchase confirming availability of funds, noting of cash out to yearwise (Annexure II refers)

(iii) After purchase proposal is approved by TPC/CFA, D Purchase is to send the file to DDMC for confirming availability/noting of funds as is done in case of Indigenous

(iv) Thereafter, DDMC is to send the file to D Purchase for placing of contract and sending the file to IFA for vetting and recommendation to CFA for release of FFE.

(v) The CFA will accord his approval for release of FFE and forward the proposal file to IFA for noting of FFE.

(vi) IFA is to route the file to D Purchase through DDMC so that DDMC notes the U.O. No./ID. No. in his records.

(vii) D Purchase, is to send a copy of the approved FFE release proforma to Indentor for further action.

(viii) Channel of movement of files containing proposals for release and noting is enclosed as Appx A to this Directive.

(c) Contracts Progressed by Maint Cells:

In case of contractual and instalment payments which are being progressed by Maint Cells and not through D Purchase. the dealing Maint Cells will process the case for FFE release to IFA/CFA through DDMC. In the case of old contracts, dealing Maint Cells are to indicate contract No., Amount of Contract; Advance Payment details, Balance Amount to be paid, Invoice No., Certificate regarding non-payment and receipt *of* stores against particular invoice, delivery schedule and liquidated damages to be imposed in case of late deliveries etc. In such cases files will be routed as shown at Appx B to this directive.

(d) Fresh Proposals

The enhanced financial powers have been vested with Air HQ in respect of both Western as well as CIS countries. Hence, all fresh proposals upto Rs. 2 Crores are to be routed through D Purchase by Maint Cells. The procedure stipulated in papa 8(a) & 8 (b) will be followed in all cases.

(e) FFE should be got released only after obtaining the approval of CFA strictly as per norms and conditions of the contract and delivery schedule. In case the payment is to be released through LC, the same may be opened at appropriate time, so that minimum expenditure is incurred towards bank charges.

Procedure for payment authorization for procurements carried out under Delegated Powers i.e. upto 2 crores.

9. The present system of payment has three modes i.e. Purchase through Letter of Credit, Invoice or Bill payment and Advance payment. Once the sanction of the CFA is available in all these modes, the related payment will be effected by CDA on submission of requisite documents by the concerned Dte/D Puirchase. Payment Authorisation Letter (PAL) as per format given at Appx C&D along with a certified copy of FFE Release Proforma duly approved by CFA quoted with I.D./U.O. No. by IFA and Form I as per formats given at Annex III to this Directive will be forwarded to CDA (HQrs) by the Dte/D Purchase. In case of payment by LC, the relevant LC Application Form duly completed should also be sent along with these documents. The specimen signature of the authorized signatories of PAL is to be forwarded to CDA HQ. CDA (HQrs), New Delhi would prescribe a check list of the documents essentially required by them for processing of payment proposals so that there is no occasion for returning of payment proposals for want of certain documents.

Procedure for Release of FFE above Rs. 2 Cores for Western/CIS countries:

10. The existing procedure in vogue will be followed for the cases indents which are valued at prices exceeding Air HQ delegated power i.e. Rs. 2 Crores. These proposals will continue to be processed in consultation with MoD as is being done presently. DGL for payment authorization to CDA HQ will continue top be issued by MoD only.

Denoting/Renoting of FFE:

11. In case of delayed supply resulting in carry forward of financial liability to the ensuing financial year other than what was initially noted, D Purchase is to raise the fresh FFE release noting proforma and send the file to Indentor for denoting/renoting and placing a fresh release of FFE proforma according to period of cash outgo. Indentor is to send the file to IFA through DDMC for allotment of U.O. No. IFA will return the file to D Purchase through DDMC so that DDMC may note U.O. No. in his records. D Purchase is to inform

the Indentor accordingly. Where applicable a similar procedure is to be followed by Maintenance Cells for contractual/Instalment payments. Denoting should be done immediately after receipt of information of delay in supplies, so that the FFE amount would be available for any other contract maturing in the same financial year.

12. DMA/DDMC is to ensure the following :-

(a) Maintenance of an authentic and well maintained record of all FFE notings carried out under the delegated powers which should show separately FFE release under the following serials.

21. Aircraft
22. Aircraft Spares – UK
23. Aircraft Spares – USA
24. Aircraft Spares – France, Russia and other countries
25. Signals Armament and other electric spares.
26. Miscellaneous
26A. Assemblies and sub-Assemblies

(b) The FFE release register should serve as a parallel record to the one maintained by IFA and hence is to be a replica of the IFA maintained register. Format is given at Annexure II to MoD letter.

(c) FFE released after issue of supply order/Contract represents total expected FFE liability of the financial year. Against this sanction, PALs as and when issued by Weapon Cell/D Purchase and received by DDMC is to be entered in the FFE register and this is to be treated as cash outgo and compared/tallied with CDA (HQ) records.

(d) To prepare and send a monthly summary of the FFE releases noted against each of the serials in the form of report to IFA so as to reach him by 5th of the following month.

(e) CDA (HQrs) would be sending a monthly report as per Annexure-IV of Govt. letter giving the actual FFE outgo both to IFA and DMA. The records are to be tallied and discrepancies to be sorted out mutually between CDA (HQs), IFA and DMA.

13. The above instructions, issued with the concurrence of MoD Fin vide their U.O. No. 1071/B.11/98 dated 20 Oct 98, comes into force with effect from 01 Apr 98.

14. Please acknowledge.

Sd/-
(S Raghavan)
Air Mshl
ACAS (Lgs)

Offg AOM

IFA (Air HQrs)

All ACsAS/DMP&QA

All Dte under AOM's Branch

Copy to

Director of Accounts,
Director Financial Planning
Dir (Air-I) MoD
Dir (Bud-II) MoD
DFA Eqpt MoD (Fin)
CGDA, CDA (HQrs) New Delhi
HQ MC
ACAC
AFA For CI Lgs faculty
ATI

Appendix - E

Tele: Dte:
Air HQ/

CDA HQ (Foreign Payment Section)(Five copies incl one signed in ink) "G' Block Hutments, New Delhi-llOOll

AUTHORISATION FOR PAYMENT AGAINST
CONTRACT NO DATED
FOR SUPPLY / REPAIR OF UNDER DELEGATED POWERS

Sir,

1. 1 am to convey the sanction of AOM/ACAS(Lgs), Air Headquarter (VB) under the delegated powers as per MoD (Fin/Air) letter No MoD ID N, PC5(1)/96/Af Eqpt, dated 09 Mar 98 towards the payment of the cost of the supply/repair amounting to USD/PDS/FF _____ equivalent to Rs. _____ (in words Rupee _____) only) to M/s _____ Account No _____ of Bank _____ on presentation of following documents:

(a)
(b)
(c)

2. The FFE amounting to Rs _____ has been released by CFA i.e. AOM/ACAS(Lgs) and noted by IFA (Air HQ) vide their ID /UO No _____ dated (Certified copy of FFE release duly signed by IFA and CFA and quoted with ID/UO No is enclosed).

3. The expenditure is debitable to Major Head 2078, Minor Head 110(b) Code Head _____. This issues with the concurrence of IFA (Air HQ) vide ID No _____ dated _____.

Yours faithfully
(Dir/Jt Dir)
for AOM/ ACAS (Lgs)

Copy to :
CGDA, New Delhi - 1 copy
CDA (West Block)-RK Puram
CDA (AF), Dehradun - 1 copy
DDMC (VB) - 1 copy
DO (A F) Budget - 1 copy
IFA (AF) - 1 copy

Appendix 'F'

Tele : Dte :

Air HQ/ 2002

CDA HQ (Foreign Payment Section) (Five copies incl one signed in ink) 'G' Block Hutments New Delhi-110011

OPENING OF LETTER OF CREDIT FOR CONT NO _____
FOR SUPPLY / REPAIR
UNDER DELEGATED POWERS

Sir,

1. Contract No _____ dated _____ has been concluded with _____ (supplier) for the supply/repair of _____ as per clause _____ of the above contract, the IF A is to open an irrevocable Letter _____ of Credit for an Amount of _____ (currency) _____(Amount) equivalent to Rupees _____ _____ [@ _____ (Exchange Rate)]. The LC will be opened in favour of:

_____

_____

_____

2. Validity of LC _____

1. The following special conditions are to be included.
   (a) Part delivery and part payment acceptable.

_____

_____

_____

3. The payment from letter of credit will be made subject to the presentation of the following documents:-

(a)
(b)
(c)
(d)

4. All charges in connection with opening of letter of Credit will be borne by _____. The sanction is also accorded to incur the expenditure as may be necessary on account of opening of Letter of Credit and remittance of the amount by the defaulter party.

5. Necessary foreign exchange equivalent to USD _____ has been sanctioned by competent financial authority i.e. ACAS (Lgs)/AOM and noted by IFA vide their ID/UO No. _____ dated _____. Certified copy of the release proforma duly approved by CFA is enclosed.

6. The expenditure involved is debitable to Code Head _____, Major Head 2078, Minor Head 110 (b) 2.

Yours faithfully,

Dir/Jt Dir
For AOM/ACAS (Lgs)

Copy to :

CGDA, New Delhi
RBI, Sansad Marg, New Delhi
SBI, Sansad Marg, New Delhi
Air HQ/DDMC

Appendix 'G'
(Refers to para 8)

Check list of opening Letter of Credit

1. The Govt. letter or sanction of other competent authority (5 copies including ink signed) authorizing payment and conveying the sanction for opening of LOC attached and the Govt. sanction or sanction or other competent authority or the agreement specifically indicating PCDA, New Delhi as the paying authority.

2. The relevant contract clause under which the payment has been authorized to indicated in the Govt. sanction or sanction of other competent authority.

3. The name, complete address, telex/fax, phone number of the beneficiary with Banking particulars including Account Number are quoted in the Govt. sanction of other competent authority.

4. Codes for classification of expenditure are clearly mentioned in sanction letter to booking to correct code head on receipt of debit advice from bank.

5. Concurrence of Ministry of Defence (Finance)/IFA as the case may be obtained in respect of FFE release and particulars of its noting by DGA(budget) No./UO No. and date are clearly indicated in the sanction.

6. Annexure D containing details of contract of payment are attached in quadruplicate.

7. The party who will bear bank charges should be indicated in the contract/SA sanction or sanction of other competent authority/Annexure 'D'.

8. Format for declaration cum undertaking (under section 10(5) chapter III of the Exchange Maintenance Act 1999) is attached.

9. Application and Guarantee for issue of documentary credit on form No. 2 is attached in quadruplicate (FD Swift-700).

10. Form No.2 is correctly filled in, indicating the type of contract, amount of nomenclature, quantity the list of documents to be presented for payment the transshipment. Contract No. and validity period of LC etc. Complete address of consignee/lading office should be given. These details will be checked with reference of the contract.

11. Whether the stores are to be dispatched on FOB basis or CIF basis. In case the stores are to be dispatched on CIF basis submission of Insurance Policy is to be indicated in Form No.2.

12. The documents required to be submitted by the seller to the bank should be indicated clearly and completely.

13. The LC is opened as per terms and conditions of the contract. The type of LC viz. Confirmed/Irrevocable/Transferrable/Divisible etc. should be clearly specified. (If the LC is to be confirmed at the Buyer's cost the case should be submitted to Group Officer for orders

as the confirmation charges are high).

14. It will be checked and ensured that the amount for which opening of LC has been authorized as per Govt. letter is covered by the provisions of contract/AA/SA.

15. Cuttings/over writings should be avoided and if any, should be authenticated under full signatures.

16. The specimen signature of the signatory should be forwarded to the PCDA, New Delhi, in advance. The officer signing the documents should also note his name, designation, telephone/fax numbers (affix a stamp) to facilitate contact, if required.

17. Whenever there is a proposal to extend the validity of LC, it will be seen whether, the extension is at the request of the supplier and whether the supplier will bear the extension charges. Since extension of LC affects the delivery schedule, it will be seen whether it attracts the provisions of LD cluse. It will further be seen whether LD has been exempted or action has been initiated to recover the same.

18. On receipt of information regarding payment against the LC through debit advise from the bank, action will be taken to compile the expenditure to correct head of account, immediately on receipt.

Annexure – I

RELEASE OF FFE PROFORMA

1. Sl. No.

2. File No.

3. Directorate

4. Nomenclature of Store/Cont

_____

5. Sl. No. under which the foreign exchange is required to be noted (in case of FFE)

_____

6. Name of the country

_____

7. Mode of payment : LC/DBT/Invoice etc.

   (a) If LC, type of LC _____

   (b) Period of validity_____

8. Terms of payment

   (a) (i) Advance payment_____

   (ii) Balance to be paid_____

   (b) Payment made if any

   (i) Amount paid_____

   (ii) Balance to be paid_____

9. Whether the budget provision has been made during the Current financial year ?_____

10. Budget Code Head MAJOR CODE_____

    MINOR CODE _____
    CODE HEAD_____

11. Amount to be noted in foreign currency_____

12. The FFE released asked for _____ PDS

_____

(a) Contract entered into upto 31 Mar

(b) Fresh commitments

Whether the expenditure is of Maint/Scheme

13. This is a case of new commitment i.e, of current financial year out of the allocation Rs.....lakhs noted.

With the present case involving relese of Rs_____lakhs out of SBE (2001-2002) Rs_____lakhs will be left.

14. The likely year-wise cash outgo in this case will be as under:-

(a) Total value of item _ Rs_____lakhs

(b) Cash outgo in 2002-03 – Rs_____lakhs

(c) Cash outgo in 2003-04 – Rs_____lakhs

(d) Cash outgo in 2004-05 – Rs_____lakhs

(e) Cash outgo in 2005-06 – Rs_____lakhs

(f) Cash outgo in 2006-07 – Rs_____lakhs
(Current Exchange rate = Date_____)
Exchange Rate adopted_____

15. Contract No._____dated_____

Signature of the Sponsoring Officer

SCHEDULE XII (J)

SOP FOR FORMULATION OF MAINTENANCE SCALES, ARS, ROTABLES/AGGREGATES, TOOLS, TEST AND GROUND EQUIPMENT UNDER

1. Schedule XII (J) deals with the powers for formulation of maintenance scales. ARS, Rotables/Aggregates, Tools, Test and Ground Eqpt. The powers are to be exercised by VCAS/AOM in keeping with laid down government norms.

2. **Occasion** – The provision under Schedule XII sub-schedule (J) is to be exercised for formulation of maintenance scales for ARS, Rotables/aggregates, Tools, Test and Ground equipment. The powers are to be exercised by VCAS/AOM in consultation with IFA/CDA at Air HQ as per laid down Govt norms. The ARS booklet is to be reviewed once every two year. Rotables scale once every three years & TTGE scale once every five years. However amendment to scales can be taken up on as required basis.

3. **Ranges covered** – All weapon systems in IAF.

4. **Budgetary support** – No budgetary support is required for formulation of maintenance scales.

5. **Procedure** –

(a) **ARS Scale** :The draft ARS scale is to be prepared by CSDO and forwarded to maintenance cell that is to ensure :-

(i) All mandatory spares required to carry out scheduled servicing/maintenance activities at first & second line / O & I level. A certificate to this effect is to be given by the Tech specialist of the maintenance cell.

(ii) Items are to be included based on the past recurring consumption trend of class B & C items as per norms prescribed for depots, ASPs and operating units. The basic norm being that item should have shown a consumption trend every 04 months (to be translated to 1000/1500/2000 hrs as applicable). Details of consumption to support the Qty included in the scale should be provided.

(iii) In case items which do not fall in to the category at sub Para (I) & (ii) above are proposed to be included in the scale detailed justification for each item is to be provided.

(iv) The scales for newly inducted systems are to be proposed based on the OEM's recommendations for 'I' and 'O' level spares.

(v) Additional Qty required 30 days pack & Dett operations should be clearly indicated.

(vi) The draft ARS scale (to be prepared in two volumes) as per the MiG 29/SU 30 ARS scale model & is to be put up to IFA for scrutiny and to AOM approval.

(vii) After approval of the scale by AOM, the scale is to be allotted an IAPT number by the maintenance cell and forward to JD publication for printing.

(b) **Scale for Rotables/TTGE**

(i) The draft scale of Rotables/Aggregates, Tools, test and Ground equipment are to be formulated by the CSDO, who is to obtain inputs from various units, depots. CSDO is to be tasked by Maintenance cell through ACAS(MP) well in time to ensure timely issue of scale.

(ii) The TTGE scale is to be formulated as per guidelines given by AOMs S & P canon 7/2001.

(iii) The rotables scale is to be formulated as per guidelines in AFO 22/90. The rotables scale should be made in two parts. Part I is to include all rotables proposed to be scaled. Part II is to include all rotables (LRUs /Aggregates/ LSRUs/ Repairables) not proposed to be scaled. Part I & II combined together would thus form the complete list of rotables for the fleet/system.

(iv) The qty required for 30 days pack and Dett operations should be clearly specified in the draft TTGE rotable scale.

(v) Supporting data to justify the Qty proposed to be scaled should be provided with the case.

(vi) CSDO is to forward the scale to the Maintenance Cell who are to vett the scale and formulate the final draft scales. Maintenance Cell is to formulate a proposal for approval of the scale. The proposal is to be routed to the AHSP/ Indigenisation agency(which could be DGAQA/HQ MC/ Maint ell).

(vii)After vetting by AHSP/Indg agency the proposal is to be put up to IFA for scrutiny and concurrence. After concurrence of IFA, proposal is to be put up to AOM for approval.

(viii) After obtaining sanction of CFA, the scales will be allotted an unique IAPT number to each scale and forwarded to the JD(Pub)/CSDO for printing and issue to the all concerned.

(ix) ACAS(MP) is to be involved in the process till approval of the scale.

6. Amendment(increase) & addition to scale between review periods are to be done by adopting procedure at Para 5. Deletions or reductions are to be done after obtaining approval of Director of Maintenance cell (without consultation of Finance).

7. The schedule **for processing the case**

(a)	Financial scrutiny of ARS scale by IFA	07 working days from the date of receipt of the case
(b)	Formulation of proposal on receipt of draft TTGE & Rotable scale from CSDO	10 working days from the receipt of the case
(c)	Vetting of TTGE & Rotable scale by AHSP/Indg agency	15 days from the receipt of the case
(d)	Financial scrutiny of TTGE & Rotable scale	15 days from the receipt of the case

8. **Document to be** submitted **with each case.**

(a) Draft scale.
(b) Supporting data to justify Qty to be used.

(c) Draft letter of authority for issue of the scale. This letter is to be finalized by the Director of the Maintenance Cell after approval of CFA.

9. **Check List for IFA & CFA.**

(a) Are qty being proposed to be scaled adequate to support the operational needs of IAF.
(b) Would the scaling lead to over provisioning or overstocking.

10. **References.**

(a) AFO 22/90.
(b) AFO 10/96.

Schedule : XII (K 1)

SOP FOR INTRODUCTIONOF NEW ITEMS FOR MAINTENANCE

1. Occasion: The provision under sub-schedule XII (K 1) is applicable for introduction of new items not already authorized/scaled. The powers to sanction expenditure up to Rs 01 crore by ASEPSC Maint (AOM) are to be exercised in consultation with IFA, Air HQ and up to 03 crores are to be exercised by DCSA as chairman ASEPC in consultation with IFA.

2. Range covered: Any item/equipment required for maintenance/IAF use.

3. Budgetary Support: The budgetary support for items readily available in the market is to be provided by the designated Maintenance cell for the concerned weapon system from respective revenue code head.

4. Procedure : The following procedure is to be followed for introduction of new items:

(a) An SOC is to be raised in accordance with Org Memo 37/86 dated 21 Nov 87 by the unit/Depot and forwarded to command HQ.

(b) The SOC duly vetted by Command HQ is to be forwarded to the concerned Maintenance Cell at Air HQ.

(c) The "In principle" approval is to be obtained by the concerned Maintenance Cell at Air HQ.

(d) The maintenance cell is to refer the case to DMA to allocate a vocabulary number to the item before forwarding the SOC to Dte of standardization and Dte of Value Engineering. This vetting is to be completed within 07 days.

(e) The case will then be referred to DGAQA/AHSP to be designated by ACAS (MP)/ACAS (Lgs) for technical and non-technical stores respectively. This vetting to be done within 15 working days.

(f) Before forwarding the case to IFA, the budgetary commitment is to be made by the concerned Maintenance Cell and the recommendation of penultimate CFA may also be obtained. Financial scrutiny should be completed within 15 working days.

(g) After obtaining IFA's concurrence, the case is to be put up to AOM/DCAS for final approval. IFA and /or AOM/DCAS may if required convene a meeting of ASEPC/ASEPSC members before approving the case.

(h) Once an item is thus inducted in service, the case will be referred to ACAS(MP)/ ACAS (Lgs) for inclusion in Air HQ Routine Order Part IV.

5. The above approval would constitute necessity angle approval based on which procurement is to be done on guidelines given in Schedule XII D,E,and F.

Schedule-XII (K2)

SOP FOR UPGRADATION / REPLACEMENT PURCHASE OF SCALED EQUIPEMNT

1. **Occasion:** Replacement of existing maintenance scaled item with an improved version will be considered with **prior concurrence of IFA,** among other thing, in following circumstances,

(a) If existing item is out of production.

(b) If existing scaled item is redundant.

(c) If new version is cost effective.

3. **Range covered:** All scaled Air Force stores required for Maintenance activities.

4. **Procedure:**

(a) Procedure for obtaining necessity angel approval as per Maint SOP No. 06 is to be followed except that justification for procurement of replacement should be clearly brought out including financial, operational & maintenance advantages for approval of CFA and concurrence of IFA.

Note:- The stock position of existing stores/Financial value and utilization/disposal of existing

5. In all **cases** of up gradation/ replacement, IFA will be involved right from the stage of acceptance of necessity, determining mode of tendering, selection of vendors, vetting draft TE/draft Supply Order, TPC /PNC and in post contractual matters.

6. IFA will examine such cases among other things with regard to **book value, year of purchase, hours used, expenditure incurred on repairs/ overhauls/renewals/indicating any special infrastructure created, depreciation, obsolescence of technology etc. keeping in view the overall cost-effectiveness**

7. IFA will ensure that such cases are dealt following two. Bid system, inviting separate technical and commercial bids. These should be evaluated by TEC and TPC constituted separately for this purpose. It is to be ensured that requirement of two bid system is specified in T.E

Schedule XII (L)

Topping up to SSF level (indigenous items)

1 **Schedule XII (L)** deals with the delegated financial powers for topping up to SSF level for centralized and decentralized ranges.

2 **Occasions**. These powers can be used by ED/HQ MC to top up the stocks of items at EDs up to SSF level without a PR/SR. SSF figures as determined by HQs MC / Depots are to be basis for arriving at the requirements.

3 **Range.** These powers can be utilized for all type of spares procured through SR/PR.

(a) All ARS and mandatory items of all weapon systems.

(b) All non ARS and non mandatory items affecting more than 5% of the UE of fleet on an annual basis. For first and second line servicing and 0.2 norms for third and fourth line as per existing Govt orders, respectively.

(c) All clothing, barrack and MT spares.

(d) This power **is not** applicable to all scaled TTGE, scaled rotables and repairable.

(e) For items which are required on AOG / PHU / MCM priority to meet external demands & internal requirements and which fall below norms given at sub para 11(b) above and SSF has not been fixed.

4 The powers for procurement of items up to SSF level is for individual items. As and when the stock of the items fall below SSF level the depot is to ascertain the quantity required to top up the SSF level. A LPP is to be raised by unit and CFA sanction obtained in consultation with LAO wherever financial powers are with the concurrence of the IFA from necessity angle based on which procurement as per normal purchase procedure through TPC is to be followed. In case item is to be procured from HAL LRMS order is to be issued after necessity and expenditure angle approval. Proprietary purchases would be regulated as per schedule XII (M). HERE local IFA i.e. ACDA/ LAOs, will be involved wherever

financial powers are with the concurrence of the IFA in all stages of procurement involving acceptance of necessity to placement of Supply Order and in post contractual developments

5 The approval from necessity angle and expenditure angle would be as per Schedule XII. While obtaining necessity angle approval the C Lgs O of the depot is to be provide following details to LAO/ rep of CDA (for financial powers with the concurrence of the IFA) and CFA: -

(a) Consumption pattern of item in last 3 years (year wise)

(b) RAF and SSF figures. Action taken at RAF level. Date SSF has fixed or AOG / PHU / MCM details where SSF is not fixed.

(c) stock held date items has fallen below SSF.

(Schedule XII (M)

Powers to approve proprietary purchases from Necessity and Expenditure angle.

1. **Schedule:** **Schedule XII (M)** for proprietary purchases,

2. AOM and his subordinate CFAs will exercise powers in case of centralised ranges and AOC in C HQs MC and his subordinate CFAs in case de-centralised ranges.

Part I. Proprietary Purchase [(Schedule XII (M)]

Range

3. These powers are to be utilized for all maintenance requirements related aircraft and weapon systems, its associated support equipment, MT and also for clothing, Barracks equipment and all type of stores and do not relate to local purchase which is regulated by schedule VIII (E).

Occasions

4. The powers are to be used when procurement of items is to be done from one vendor only.

(a) **Determination of proprietary Article and issue of PAC**: All articles related to aircraft & weapon systems are to be treated as proprietary if

(i) Only one firm is registered for the particular range of equipment by Air HQ (Maintenance cell) for import or by AHSP for indigenous supply items.

(ii) If item is to be procured from defence PSUs and no other indigenous agency is registered for supply of the item.

For all other ranges of items to establish that an article is in fact a proprietary article appropriate process of documentation has to be followed. Brand name of such an article should never be used. Only generic name with adequate tech specification details should be used. The specification also should be drawn up by the user with experts available in the Air Force or other organs of Govt of India and not wrt any details provided by a supplier/private manufacturer etc.

(b) Before issue of any PAC all such documents should be consulted and IFA concurrence obtained along with necessity angle approval. Any such PAC must not be signed by any officer below the level of a Director at Air HQs / SLMO at HQs MC / C Lgs O at Depots. The certificate should issue on the format prescribed in Appendix 'B' to leaflet No.12 IAP 1541 duly modified, indicating UO No. and date of IFA.

proprietary purchases Procedure to be followed

5. For procurement of items on proprietary basis, the procedure for obtaining necessity angle approval as laid down for schedule XII a, B and C (as applicable) at Air HQ and HQ MC is to be followed. A proprietary article certificate (PAC) is to be attached alongwith documents to be forwarded to IFA/CFA while obtaining necessity angle approval. The

routing of the case and the time limits for processing of the case would be as per schedule XII A, B and C.

NOTE: For expenditure angle sanction procedure laid down for XII D, E, F, G will be followed.

6. **Proprietary Purchase at ED / BRDs (for decentralized ranges only):** The depots can undertake proprietary purchase of indigenous items from Defence PSUs, upto a maximum of Rs. 1 Crores under the delegated financial powers. For procurement from all other indigenous sources up to Rs 1 crore the following procedures to be adopted (Financial concurrence would be given by AOC / CO of the depots in consultation with LAO):

(a) **For Air-borne Items**. For air borne items for procurement on proprietary basis unto Rs. 1 Crore, the O I/C indigenisation at BRD/CLO at ED is to certify that the item is proprietary to the particular firm and that no other vendors exist for the particular item. Details of items as well as reasons for its proprietary purchase along with the financial sanction documents are to be referred to HQ MC for proprietary purchase clearance. AOC-in C, HQ MC is to accord proprietary purchase clearance in consultation with IFA & issue a letter of authority to AOC / CO of the depot. C Indg Officer is to be consulted before according a clearance. The procurement of the items there after is to be undertaken as per SOP of schedule XII A, B, C for acceptance of necessity angle sanction and schedule XII D, E, F, G for expenditure angle sanction.

(b) **For Non Air Borne Items**. For procurement of non air borne items on proprietary basis within Rs. 1 Crores for decentralized ranges, after necessity angle sanction is obtained AOC / CO of depot are to refer the case to HQ MC to accord proprietary purchase clearance in consultation with JCDA. After necessity angle approval the procurement can be undertaken by ED/BRD under the procurement powers under schedule XII (F) and as per SOP related to schedule XII D, E, F and G.

Schedule XII- N

POWER TO DECENTRALIZE INDIGENOUS PURCHSA NORMALLY UNDERTAKEN CENTRALLY BY AIR HQs/HQs MC

(Powers to decentralise purchase on administrative grounds)

1 These powers are to be utilised incase the provisioning and procurement responsibility of the weapon system has not been de-centralised to HQs MC / Depots / Units. Procurement in such cases can be decentralised to HQs MC under normally under following circumstances

(a) If HQs MC or the depot is the AHSP

(b) On grounds of administrative necessity.

Note: Purchase includes procurement, repair, calibration, and all other maintenance services.

2 HQs MC or the depot / Unit while forwarding their proposal are to give reasons why the procurement should be de-centralised. The Maint cell at Air HQs are to obtain necessity angle approval as per normal procedure as given in schedule XII A, B & C based on which it is to issue a letter of authority de-centralizing the purchase. HQs MC/ Depot / Unit is to undertake the procurement as per normal procedure through TPC as given in schedule XII D, E, F & G.

DECENTRALIZATION OF PROVISIONING RESPONSIBILITY TO HQ MC

1. **Occasions** These powers are to be utilised for decentralization of provisioning and indigenous procurement responsibility from Air HQrs to HQ MC.

2. **Range** The complete range of IAF equipment is to be covered in a phased manner.

Procedure to be Adopted.

3 The decision to de-centralise provisioning and indigenous procurement for any range of equipment to HQ MC or Depot shall be taken twice a year i.e. on 01 Apr and 01 Oct of each year till the process is completed.

4. The decision to decentralise any range of equipment will be taken by a committee consisting of :

(a) AOC-in-C HQ MC

(b) AOM

(c) IFA Air HQrs

(d) IFA HQ MC

(e) DMA – Air HQrs – Secy and Convener

Note : AOC-in-C HQ MC and AOM may co-opt additional members on a case to case basis.

4 ACAS (at Air HQrs) and SMSO, HQ MC and AOLM, HQ MC are to forward their proposals for decentralisation by 15 Feb and 15 Aug of each year to the Secretary and Convener of the meeting. The proposal should include:

(a) Range of equipment to be decentralized.

(b) Reasons for selection of the range of equipment

(c) Broad road map of the transfer including management during overlap Period.

(d) Infrastructure and manpower/establishment to be transferred.

5 Based on the inputs and proposals, DMA is to work out an agenda for the committee meeting. The agenda should be finalized after approval of the AOM.. DMA is to forward the agenda alongwith the relevant proposals to all the committee members at least 15 days in advance of the committee meeting. DMA is to fix a date for the meeting in April and October in consultation with all the committee members. The meeting is to be held at either Delhi or Nagpur or any location as convenient to the committee members.

6 Based on the decisions taken during the meeting, DMA is to issue a letter of authority decentralizing the provisioning and procurement responsibility. This letter is to be issued in consultation with IFA. Copy of decision may also be endorsed to CGDA.

7 DMA is to take up the issue through a SOC with DPP for transfer of the establishment from Air HQ to HQ MC within 15 days of the decision of the committee meeting.

8 The Committee is to also review the implementation of the decision taken on decentralisation in the previous meeting of the committee.

9 DCAS and AOC-in-C HQ MC, IAF to take up infrastructure and manpower requirements with CGDA for IFA at Air HQ and HQ MC..

10 HQ MC is to re-structure their functioning to the Maintenance Cell concept on similar lines as at Air HQrs. This is a mandatory pre-requisite for further and future decentralization.

11 The time schedule for implementation on the decentralization of each system should be finalized by the committee in each of their meetings.

12 The committee decisions should be unanimous and differences if any are to be resolved mutually through consultations.

Policy letters to be referred to : NIL

Policy letters superceded : NIL

SCHEDULE – XII-(P)

DIRECTORATE OF METEOROLOGY

(PROCUREMENT OF MAINTENANCE STORES)

POWER TO SANCTION INDENTS, CONTRACTS AND PURCHASES

Competent Financial Authority	Financial Limits	
	Without IFA Concurrence	With IFA/CDA Concurrence
1	2	3
(P) To conduct provisional review in respect of Meteorological equipment:-	(Rs)	(Rs)
VCAS		
(a) * Scaled equipments (Including accessories, spares and connected packing material as specified in AFI 59/68 as amended)	---	25,00,000/-
(b) **Other equipment/accessories spares/parts, material already introduced into service till date for Meteorological purpose.	---	5,00,000/-

* Attached as Appendix 'A' to the draft SOP.

** Attached as Appendix 'B' to the draft SOP.

1. **Remarks:-**

The terms and conditions as laid down in GoI MoD Letter No Air HQ/17330/ 22/1/Met/ 592/ US/D (Air-I) dated 03 May 91 as amended will apply. The procedure for provisioning and accounting of Meteorological equipment as laid down in AFI – 59/68 will be followed.

2. **Code Heads:-** Major Head 2078

(a) Minor Head 110 (b) Stores Scheme 742/12.

(b) Minor Head 110 (b) Maintenance 742/28.

3. **Procedure for Budget Projection: -** Based upon the forecast requirement of the stores under different Code Heads, Directorate of Meteorology will project the budgetary requirement before the Financial Year begins. Availability of funds in relevant Code Heads is to be confirmed by DD/AD Met (Equipment) to the IFA along with the SOC/Note as applicable while processing the purchase of stores.

4. **Standard Operating Procedure**

(4.1) Standard Operating Procedure to be followed at Unit/Command level.

(a) Since all the procurement of the Meteorological equipment is centrally done at Central Met Store AFND/Air HQs, no SOP is required at Unit/Command level.

(4.2) **SOP to be followed at Air HQs (Dte of Met)**

(a) **Acceptance of necessity angle sanction.**

(i) A SOC is prepared by DD/AD Met (E) with details of justification supporting the necessity of procurement/replacement of the Met equipment. This includes the previous procurement, if any, performance of previously procured Met equipment. Whether the same type of equipment is proposed to be procured or some other model is proposed for procurement. Give reasons for not procuring the same model/equipment. Quantity

proposed is to be justified as compared to the pervious procurement and number of Air Force units where installation is proposed.

(ii) Documents/pamphlets supporting the cost of the equipment may be attached along with the SOC so that the authority may reach to the nearest possible conclusion in respect of the estimated cost. In case of additional/subsequent procurement the price of last procurement may be mentioned so that current price may be calculated with necessary escalation, if any.

(iii) After arriving at the final decision budgetary support should be ensured along with the Code Head from which expenditure is to be incurred. The details include allotment, committed liability, present proposal and balance available. Paying authority and mode of payment also to be mentioned.

(iv) A schedule of requirement indicating item, Number/description, quantity unit cost, total cost, ED, CST, freight, source of supply etc.

(v) Proposals submitted for concurrence of IFA should have the recommendations of penultimate CFA. Proposals so submitted will be examined by IFA. After the recommendation of IFA the draft SOC along with Draft Sanction Order/Sanction Letter will be sent to CFA for his approval and signature.

(b) Expenditure angle sanction

After obtaining acceptance of necessity angle sanction the indentor will take action as follow: -

(i) Obtain eight digits Indent Number allotted by DMIS Air HQ (VB). Send a copy of Indent to DGAQA/technical authority for vetting and one copy to Dte of Purchase for taking procurement action. Dte of Purchase will float tender enquiry as suggested in the Indent ie Single Tender, OTE or LTE. Tech bids and price bids should be asked separately. Tech bids should be opened first by Tech evaluation committee/AHSP and remarks/reasons accepting or rejecting technical bids to be recorded. Price bids of only technically accepted vendors should be opened. IFA will be associated at the time of opening price bids. Signature of minimum three officers will be obtained on the opened price bids.

(ii) For Limited/Single Tender enquiry procurement on PAC basis IFA concurrence should be taken.

(iii) Acceptance/Rejection of Technical bids should be done after IFA consultation.

(iv) CSQ will be prepared by Dte of Purchase. Based on rates of lowest quotation, proposal will be submitted for obtaining expenditure angle sanction through IFA. CSQ will be duly vetted by IFA.

(c) Formulation of purchase proposal

After obtaining CFA sanction from acceptance of necessity angle Tender Enquiry will be floated to likely source of supply (Draft invitation to tender is placed as Appendix 'G'). Draft Tender Enquiry will be vetted by IFA before floating. The following documents to be placed in file for making purchase proposal: -

(i) CFA Sanction from acceptance of necessity angle, vetted copy of schedule of requirement, letter for invitation of price bids along with price bids and CSQ. Signature of venders present at the time of opening of price bids.

(ii) Based on the L1 rates draft proposal will be initiated for obtaining CFA Sanction from Expenditure angle. SO will also be prepared. In case price quoted by firm is not considered reasonable as compared to LPP/Budgetary Quote. PNC may be conducted with the selected firm. IFA will be associated in the PNC. Firm's acceptance of revised price should be obtained in writing. Proposal should be submitted as per revised offer of

L-1. Draft Supply Order will be vetted by IFA. Option clause, LD clause, payment terms, delivery terms, ED, ST etc should be indicated in SO/proposal.

(iii) After obtaining concurrence of IFA, approval of CFA from expenditure angle sanction will be obtained. Ink signed copy of SO will be sent to CDA (AF), RK Puram. Distribution of copies of SO will be to Inspecting agency, Indentor, IFA, Consignee & others as applicable.

(iv) In case of AMC, the following points will be considered:-

- What is the normal life of the equipment?
- What is guarantee/warrantee of the equipment?
- For what period AMC is to be considered?
- Whether AMC will be comprehensive/non-comprehensive?
- Do we have in house facilities for maintenance?

Payment may be authorized after completion of work on quarterly basis or as mutually agreed upon. Where installation and commissioning is to be carried out, due care should be taken for payment against supply of stores and installation. IFA will invariably be consulted right from the stage of acceptance of necessity, tendering, contracting to post-contract monitoring in case of AMC contracts.

(d) **Post contractual obligations**

(i) Directorate of Purchase/Purchasing agency will ensure security deposit and acceptance of SO by the firm. On receipt of SO inspecting authority will initiate action for inspection, as soon as the store is ready. Payment terms, ED & ST etc should be indicated in proposal/SO. S D can be waived by CFA, with prior concurrence of IFA /CDA.

(ii) In case the supplies are not completed in time the same is to be intimated to Dte of Purchase and consignee. If delivery period has expired, action will be taken for extension of delivery period and imposing LD clause. Bank Guarantee for the extended delivery period to be ensured. IFA will invariably be consulted in all these matter such as DP extension, Amendments and LD.

(iii) In case of subsequent requirement or outstanding indent proposal may be initiated for exercising option clause during the currency of the contract, IFA to be associated for exercising option clause. Before taking approval of, he should be informed of the original Supply Order and quantity being procured under optional clause. CFA will be determined with regard to total value of original SO and option quantity.

(iv) Repeat Order may be placed on firm subject to the condition that: -

(a) Original order was not against urgent/emergency demand.

(b) Repeat order may be placed within six months of date of original SO.

(c) It should be ensured that there is no downward trend in market.

(d) The value of repeat order may not exceed 50% quantity originally ordered.

(v) IFA should be associated while obtaining CFA sanction for repeat order in case of urgent requirements.

Appendix I to Air Force Instruction No. 59 of 1968

Scale of non-consumable Equipment for Met offices at the Air Force Unit

Sl No.	Items Description	Qty	Classification
(a)	SURFACE OBSERVATORY:		
1.	Accumulators 12 Volts (complete with covers)	4	III
2.	Aircraft Altimeter	1	III
3.	Air Meter complete with leather case	1	II
4.	Alidade	1	III
5.	Anemometer with Windvane (Cyclometer)	1	II
6.	Barometer Aneroid	1	I
7.	Barometer Station Standard	2	I
8.	Backboard with bottom rings (for Barometer Station Standards)	2	III
9.	Barometer cage	2	III
10.	Barometer Illuminator	2	I
11.	Bottle water Constant Level	2	I
12.	Bottle water Large	3	I
13.	Clock Alarm	1	II
14.	Clock Wall (for IST & GMT)	2	II
15.	Cloud Search Light complete with Cable on Drum & Rod	1	III
16.	Distant reading Electrical wind Instrument complete with duplicating Dials and Self recording Attachments	1	II
17.	Distant Reading panel with temperature, pressure and wind (Direction and Speed) Indicators	1	II
18.	Goggles Cloud Observing	2 Pairs	I
19.	Measure Rain Glass	2	I
20.	Measure Glass Snow (for high Altitude Stations)	2	I
21.	Mobile Surface Observatory Kit, containing Hand Anemometer, Anemoscope, Aneroid Barometer, Whirling Psychrometer with Thermometers (2), Clock Alarm and Cloud Goggles, all in portable box (For units including ALG's & DZ's).	1	I
22.	Psychrometer Assman Complete with case	1	II
23.	Psychrometer Frame Whirling with Leather Case	1	II
24.	Rainguage	1	III
25.	Screen Stevenson	1	III
26.	Screen Stevenson – Stand for	1	III

27.	Screen Stevenson- Large	1	III
28.	Screen Stevenson Large- Stand for	1	III
29.	Snowgauge complete (for high Altitude Stations)	1	III
30.	Thermometer Remote Reading	1	II
31.	Thermometer Minimum	2	I
32.	Thermometer Maximum	2	I
33.	Thermometer Ordinary (Dry & Wet Bulb)	2 Sets	I
34.	Thermometer Psychrometer Assman	2	I
35.	Thermometer Psychrometer Whirling	3	I
36.	Torch Hand Electric	1	II
37.	Watch makers Lens (for Barometer readings)	1	I
38.	Windvane Ordinary (for ALGs)	1	III
(b)	**SELF RECORDING INSTRUMENTS:**		
39.	Anemograph PT with Dust Cover	1	II
40.	Barograph OS daily/weekly complete with Drum and Clock	1	II
41.	Hygrograph daily/weekly complete with Drum and Clock	1	II
42.	Micro-Barograph daily/weekly complete with Drum and Clock	1	II
43.	Rain gauge Self- Recording	1	III
44.	Sunshine Recorder	1	III
45.	Thermograph daily/weekly complete with Drum and Clock	1	II
46.	Thermograph Dry and Wet combined daily/weekly complete with Drum and Clock	1	II
(c)	**PILOT BALLOON EQUIPMENT:**		
47.	Adapters for Hydrogen Generator HP/LP	1	III
48.	Adapters Ordinary	1	III
49.	Adapters Special	1	III
50.	Balloon Release Drum	1	III
51.	Balloon Box (I Met D Type)	1	III
52.	Balloon Filler Set (I Met D Type)	1	II
53.	Board Drawing	1	III
54.	Box for keeping Protractors and Velocity Scales	1	III
55.	Compass Prismatic with leather case	1	II
56.	Cover water- Proof or Theodolite	1	II
57.	Direction Measure	1	II
58.	Direction Plate	1	III
59.	Filter Colour for Theodolite	1	II
60.	Gauge Pressure (for Hydrogen Cylinders)	1	II
61.	Gauge Pressure (for Hydrogen Generators)	1	II
62.	Generators Hydrogen HP/LP complete with accessories	1	III
63.	Ice Box (Capacity 200 lbs)	1	III

64.	Key Lever Hydrogen 5/16"	1	III
65.	Key Hydrogen 9/32"	1	III
66.	Lime Box	1	III
67.	Meter Scale	1	III
68.	Nephoscope Fineman MK II with Box	1	III
69.	Observation Board	1	III
70.	Protractor Quadrant	1	III
71.	Protractor Special N &R	1	III
72.	Protractor 30 cm	1	III
73.	Protractor45 cm	1	III
74.	Spring Balance 250 gms	1	III
75.	Spring Balance 1500 gms	1	III
76.	Theodolite (together with box)	1	II
77.	Tripod for Theodolite	1	II
78.	Valve Fine Adjustment	1	II
79.	Velocity Scales Set	1 Set	II
	Consisting: 1cm = 1 Km 2cm =1 Km 4cm = 1Km		
80.	Watch Stop	1	II
81.	Watch Pocket (Ordinary)	1	II
(d)	**FOR FORECASTING AND TRAINING SECTIONS:**		
82.	Pentograph	1	II
83.	Instrument Box (Draftsman)	1	II
84.	Chart- Duplicator	1	I
85.	Magnifying Glass	1	I
(e)	**MISCELLANEOUS (TOOLS ETC.) :**		
86.	Pad Locks	6	III
87.	Screw Drivers Set consisting Blades: 2mm 4mm, 6mm, 8mm & 10 mm	1 Set	III
88.	Hammer hand	1	III
89.	Nail Puller/ Nail Ejector	1	III
90.	Spanner set	1 Set	III
91.	Wooden Mallet	1	III
92.	Wrench Adjustable (for Generators)	1	III

APPENDIX II TO AIR FORCE INSTRUCTION NO. 59 OF 1968

SCALES OF CONSUMABLE EQUIPMENT FOR UPPER AIR AND SURFACES OBSERVATORIES AT IAF UNITS

ONE STATION PER YEAR

SL NO.	ITEMS	QTY
1.	Balloons (Ceiling)	As required
2.	Balloons PB (for calibration units attached with army)	As required
3.	Balloons PB for Station @ one ascent a day	450
4.	Bamboo Sticks for Stations @ one ascent a day	40 Kgs
5.	Cell dry (for Barometer Illuminator)	As required
6.	Cells Dry (for Torches Hand Electric)	As required
7.	Batteries (for Theodolites)	As required
8.	Bulbs electric 3.5 Volts & 2.5 volts (for Barometer Illuminator and Torch Hand Electric)	As required
9.	Bulbs Electric (for Cloud Search Lights)	As required
10.	Cable Multicore for DR Wind Equipment	As required
11.	Candles PB @ one ascent a day	450
12.	Caustic Soda @ one ascent a day	125 Kgs
13.	Camel Hair Brush	As required
14.	Fish Twine	As required
15.	Ferrosilicon for PB Stations @ one ascent a day	75 Kgs
16.	Hydrogen gas Filled in steel Cylinders (6 cubic Meter) for PB Stations @one ascent a day	16 Cylinders
17.	Ink – Recording (for Self Recording Instruments)	As required
18.	Lantern Paper for PB Stations @ one ascent a day	450
19.	Muslin & wick	As required
20.	Oil for Clocks	As required
21.	Paper Coloured	As required
22.	Pens (spare) for self-Recording Instruments	As required
23.	Pellets Magnesium (for Generators HP/LP)	As required
24.	Plotting Needles	As required
25.	Rubber Tubing ¼"	As required
26.	Rubber Solution	As required
27.	Thread Solution	As required
28.	Thread Linen	As required
29.	Tails (for PB Station) @ one ascent a day	450
30.	Charts Autographic (for all self recording instruments and Attachments)	As required
31.	Sheets Velocity (Graph) for PB Ascents	As required
32.	Trajectory Sheets for PB Ascents	As required
33.	Charts and sensitized paper (for chart Duplicator)	As required

List of other equipment (not included in the scaled equipment) is given below:-

1. Satellite Imageries Reception and Video Display System (SIRAVDS).

(a) Introduction: - Basically it is Computer based system and was introduced into Meteorological service in the year 1991 & 1993 respectively and installed at 53 different AF locations allover the country. It is used to receive Satellite Imageries from the INSAT after an interval of every three hours with the help of another integrated system called Direct Reception System (DRS). The details on DRS will be given in subsequent paragraph.

(b) Composition: - The system consists of the following parts:-

(i) Colour Monitor.
(ii) Central Processing Unit (CPU).
(iii) Laser Jet Printer (LJP).
(iv) Key Board & Mouse.

(c) The above system is being upgraded by this Directorate. SOC and Govt Sanction have already been taken. Directorate of Purchase, Air HQ (VB) has already opened Technical Bids, Price Bids are likely to be opened shortly. But basically it will remain a PC Based system with latest computers and some additional facilities.

2. Direct Reception System (DRS).

(a) Introduction: - DRS is the system, which receives the Satellite Imageries form the INSAT with the help of a Dish Antenna installed at all the 53 AF installations. The Satellite Imageries received are stored in the SIRAVDS CPU and prints as required are taken with the help of the Laser Jet Printer (LJP).

(b) Composition: - The system consist of the following parts:-

(i) Dish Antenna.
(ii) FEC, FDM & Helical Feed.
(iii) Reception Device, consisting of Power Supply Unit, FDM, TDM-DEMUX & TP Fax Interface Unit.

3. Meteorological Message Handling System (MMHS).

(a) Introduction:- MMHS is a PC based system used to receive the Met data from INSAT with the help of Dish Antenna mentioned above. It receives, stores and transmits the Met data simultaneously.

(b) Composition:- The system consists of the following parts:-

(i) Monitor & CPU
(ii) LX-800 Printer.
(iii) Key Board & Mouse.
(v) Junction Box & TP Relay Box.

(c) The above system is being upgraded by this Directorate. SOC and Govt Sanction have already been taken. Directorate of Purchase, Air HQ (VB) has already processed the case of procurement. Basically it will remain a PC Based system with latest computers and some additional facilities.

4. **Laser Range Finder (LRF): -** Laser Range Finder is a hand held Met instrument, used for measurement of low cloud ceiling/base. They are installed at the AF stations where flying commitments are more and intensity of low clouds is comparatively hazardous to flying. Earlier version of LRF-CHME has become obsolete. New version of LRF LH-30 qty – 10 have been procured and procurement of another 15 sets of LRFs LH -30 is in process.

5. **Digital aneroid Barometer (DAB): -** DABs are pressure-measuring instruments, which uses sensitive sensors for the purpose. It is used at remote locations, where Mercury barometers are not installed/not feasible to be installed, such as forward areas & advance landing grounds. DABs are also used for VIP/VVIP commitments and helipad duties. It is an electronic device, which run on electrical supply and the display is digital as is evident from the name. Battery versions of DABs are also available, which is planned to be procured so that it can be used extensively at remote locations.

AIR FORCE INSTRUCTIONS – 59/68

Meteorological Equipment – Provisioning and Accounting Of

1. Introduction

Meteorological Equipment consists of special and very delicate instruments. Met Equipment is nor provisioned, store, handled or accounted for by the IAF. Equipment Organisation,- but by the IAF Met Organisation.

It has, therefore, been necessary to issue this AFI in regard to IAF Met Equipment. In the absence of any specific instruction in this AFT, the general principles laid down in IAP 1501 will be followed.

The Deputy Director of Meteorology-I, Air Headquarters, New Delhi (DD Met –I, Air HQ) is treated as "Self Accounting " for the purpose of dealing with IAF Met Equipment, Accessories, Spares and connected Packing Material. The DD Met –I is granted the financial powers of "OC Unit" (Viz Rs 100/-) for the write-off of losses (vide AFI 282/46).

Receipt, Stores, Handling and dispatch etc of Met Equipment is done by the AF Central Met Stores, AF Station New Delhi, under the direction of DD Met – I, Air HQ.

The present Air Force Instruction (no 59/68) comes into force with immediate effect and simultaneously supersedes Equipment Accounting Instruction No. 157/55 (as amended by EAI No. 183/58, 193/61 & 194/61).

2. Provisioning

(i) DD Met –I (Air HQ) is responsible for the provisioning of all Met Equipment (including necessary accessories, spares and connected packing material) required for the IAF. The scales of Equipment (non-consumable and consumable are given in Appendices I & II.

(ii) In case of issues of Met Equipment to Met Training Sections, and to Units during Special exercises and Operations, the limits indicated in the scales may be exceeded. The DD Met –I (Air HQ) would authorize such excess issues on an as required basis, depending on the specific requirements of each individual case.

(iii) Non- consumable items of Meteorological Equipment listed in Appendix I (to this AFI) have been classified into three classes (Viz. Class I, II and III)- for the purpose of determining the quantum of holding of the said items in the Central Met Stores. The holding – limits (Maximum and Minimum), which would be in addition to the requirements of the Met units according to the approved scales, are shown hereunder:

Percentage in relation to the total authorized holdings of the Met Units

Class	Maximum Holding	Minimum Holding
I	100%	50%
II	50%	30%
III	30%	15%

The respective classification for each item is shown in Appendix, against the item concerned.

(iv) Items (e.g., Screen Bilham and Stands for Screen Bilham etc.) which are now available in the Central Met stores or at units but are not listed in the 'Scales' attached to the present AFI will continue to be used till they are wasted out.

(v) Standards and specifications of Met Equipment would normally be in conformity with those currently adopted by the British Meteorological Services (Meteorological Office, Air Ministry, London) and /or by the India Meteorological Department unless required to be specially developed/ adopted by the IAF.

(vi) Budget Estimates in respect of IAF Met Equipment would be prepared by the DD Met – I and processed through DD Budget & CO- Ord (Air HQ). On receipt of Budget sanctions, Indents/ Demands for Met Equipment would be progressed after necessary administrative and financial sanctions from the Ministry of Defence (and its associated Financial) in conformity with the general rules laid in IAP 1501, chapter 5 (for such other rules as may be specially laid down by the Government). If, however, exemptions of the above-mentioned rules are granted by the Government in regard to Indents/Demands pertaining to provisioning of IAF Equipment, such exemptions would equally apply to meteorological Equipment.

(vii) Meteorological Equipment available in India would be ordered from manufacturers/ suppliers in India (e.g., the National Instruments Ltd., Calcutta in India would normally be ordered from the United Kingdom (U.K.), USA or from any other country where the equipment is available.

(viii) Common –user items (e.g. Accumulators, Aircraft-Altimeter, Stop- Watches, Pocket-Watches, Clocks, Alarm, Torches, Padlocks, Small like Ferrosilicon, Caustic Soda, Cells (for torches) etc may be obtained through the IAF Equipment Organisation. In case such items of the required specifications are not available through the IAF Equipment sources, local purchase will be resorted to by DD Met – I.

(ix) Hydrogen Gas required for Meteorological purposes would be obtained from the India Meteorological Department (Hydrogen Factory, Agra) vide AFO (EQUIP) 74/56 and IAP 1501, Chapter II, paras 39 and 40.

3. Storage and Accounting of Met Equipment at the Central Met Stores, AF Station, New Delhi

(i) All Met Equipment will be stored, handled and accounted for by the Central Met Stores, AF Station New Delhi.

(ii) All Met Equipment received by the Central Met Stores will be entered in the 'Stores Inward' (as per specimen- Apendix VI) and will be on Provisional Charge till the said equipment is tested. The maximum time limit for keeping of stores on provisional charge will be six (6) months. In case the equipment is not received after appropriate tests from India Met Department within this specified time of six (6) months, the AF Central Met Stores will bring the stores on charge on stock Record Cards [Form (Q) 468] as vouched by the consignor. The stores concerned may subsequently be converted into correct category on receipt of Test Reports and the Stock Record Cards amended accordingly.

(iii) Central Met Stores will maintain all records of 'Receipts' and " Issues" of Met Equipment. For detailed Instructions regarding Maintenance of F (Q) 468, see chapter 2, paras 57 to 75 of IAP 1501.

(iv) India Meteorological Department will normally be entrusted with Calibration, testing and repairs of Met Instruments, and for these services necessary payments will be made from the Defence Budget to the India Meteorological Department, through their bills for services rendered. However, the repairable items like Pocket watches, stop watches, wall clocks, Alarm clocks or the clock system of autographic instruments can be entrusted to the local workshop or firms for repairs under the financial powers of DD Met-I, under Rule 82, F.R. Part I as amended by current Air Force Instructions. The cost of such repair must not, however, exceed the financial powers of the officer mentioned above. Contracts are to be entered into if the cost of repairs exceeds Rs 65/- in a single case.

(v) Central Met stores will receive demands for Met Equipment directly from the units and arrange supply. For items under short supply the distribution to units will be under specific orders/ directives as obtained from DD Met –I (Air HQ). Necessary entries will be made in the Stock Record Cards [Form (Q) 468]. Three copies of the 'packing Note' will be prepared. Two copies of the Packing Note will be kept in the box/packing records. The Equipment (when ready) will be duly packed and dispatched to the units concerned by Goods/Passenger trains (as appropriate) on Military Credit Notes or through P & F (MOV) Unit AF Palam, through Postal channels- as considered necessary. On receipt of the Equipment by the unit concerned one copy of the 'packing Note' will be returned, duly checked and receipted, to the Central Met Stores.

(vi) The Met Equipment returned by a unit to the Central met stores will be categorized by DD Met- I (Air HQ) or by a Met Officer deputed by him. The Equipment considered as due for testing/repairs/calibration by the India Meteorological Department will be sent to the said Department as per in conformity with the test-reports of the India Met Deptt (after repairs where necessary). All the Met equipment received by the Central Met stores (from the units) will be acknowledged on Form (Q) 429 (old Form 600) and entered on the Stock- Records Cards [Form (Q) 468] and in A-in-U Ledgers [Form (F) 1515] of the units concerned.

(vii) Separate Registers will be maintained by the Central Met Stores in which the following transactions will be entered in chronological order (as they occur) during the financial year:-

(a) Stores Inward Book (Receipt)
(b) Stores outward Book (Issues)
(c) Transfer Outward Register
(d) Loan Inward Register
(e) Writes-off/Strike –off

Separate series of vouchers for Internal and External Issues, Receipts and Conversion vouchers will be maintained, numbered consecutively, for each financial year.

(viii) Stock taken of Met equipment held in the Central Met Stores will be arranged once a year by DD Met-I (Air HQ) in accordance with the instructions laid down in the chapter 25 of IAP 1501, and further action taken as required. Officer-in-charge Central Met Stores will complete the certificate prescribed for office i/c Stores at the bottom of Form (Q) 405 (Old Form 33).

4. Issue of Met Equipment and Accounting

(i) Central Met Stores will be responsible for the initial issue of Met Equipment when a meteorological office or observatory is started at a unit according to the scales given in Appendices I & II of this AFI Form (Q) 429 (Old Form 600) action will be taken in respect of all such issues.

(ii) After the initial supply of Equipment is dispatched, Central Met Stores will prepare an Inventory on Form (F 1527) –(old form 37) of all non consumable equipment supplied and the equipment will be entered in alphabetical order. The inventory will then be sent to the officer or NCO i/c of the Met Section at the unit concerned, together with two copies Sheet I of Form (Form 1527) for physical check with the equipment received. One copy of sheet I of form (Form 1527) duly checked, will be returned by the Officer or NCO i/c of the Met section to the Central Met Stores with the signature of the 'Inventory Holder' together with a 'Nil' discrepancy certificate or with a list of discrepancies, if any. Discrepancies (if any), would be reconciled through appropriate investigations where necessary. All non-consumable Met equipment issued to any Met unit/section will be entered in articles-in-use (A-in-U) Ledger opened for that unit/section. [See IAP 1501 chapter 12, paras 78 to 95 for general instructions regarding Form (Form1527].

(iii) Subsequent changes of items held by receipts, returns, losses, etc. will be noted on the unit copy of the Met equipment Inventory by the Inventory Holder, with appropriate voucher number (s) and date of change. A-in-U Ledger held by the Central Met Stores will also be amended accordingly.

(iv) On 1st April of each year, units will send Met equipment Inventories to the Central Met Stores for annual checking. Before sending the unit copy of the Inventory, an independent check and physical verification will be carried out of all the items of Met equipment held on their inventories against the last inked column before 31st March of each financial year. A copy of Form (F) 1527 (Sheet I) will be raised and signed by the Independent Checker and the Inventory-Holder. This Sheet, as also the 'Nil' discrepancy certificate or with a list of discrepancies (if any) noted/recorded by the Independent Checker, will be sent along with the unit copy of the Inventory, to the Central Met Stores.

(v) When the unit copy of the Inventory is received by the Central Met Stores, it will be checked against the A-in-U Ledger for the unit concerned and the next column completed in ink and discrepancies (in any) clarified. If nay losses or discrepancies are noticed, appropriate action will be taken (see section 5 below). The Inventory will then be returned to the unit concerned.

(vi) On change of Inventory Holder at a unit incoming and outgoing Inventory Holders will sign Sheet I [Form (F) 1527] of the inventory, after physically checking the items against the last inked column of the Inventory. One copy of Sheet I [Form (F) 1527] together with a 'Nil' discrepancy certificate with a list of discrepancies (if any), will be forwarded, duly signed by both the incoming/outgoing, Inventory Holders, to the Central Met Stores. On receipt of Sheet I [Form (F) 1527 and the required certificate, the change-over of the inventory will be noted by the Central Met Stores in the inventory Register and discrepancies (if any), reconciled and appropriate action taken (see Section 5).

5. Discrepancy, Loss or Breakage

Whenever a discrepancy, loss or breakage of any item of Met equipment is noted or an instrument requires repairs at a unit, a detailed report will be submitted to DD Met I (Air HQ) with a copy to the controlling Command (C Met O). In case of loss/damage etc. will render a Statement describing in detail the

circumstances under which the loss/damage occurred or was noticed. In addition, the officer or NCO i/c will give a certificates indicating whether or not in his considered opinion, negligence or carelessness was involved. DD Met I (Air HQ) will ask for the initiation of a formal Investigation at the Unit concerned whenever he considered such an Investigation necessary, or will give a decision on the report (depending on its merit) and communicate this to the unit concerned together with instructions for the disposal of the broken or repairable instrument (see section II also). The normal rules for regularization of losses by raising F (Q) 406 (old Form 34) as laid down in Chapter 22 of IAP 1501 will be followed for adjusting A-in-U Ledgers/Unit Inventories.

6. **Demand by Units for Met Equipment**

(i) All demands for consumable and non –consumable Met equipment will be sent to the Central Met stores on Form (Q) 429 (old Form 600). Five copies of Form (Q) 429 will be prepared at the unit demanding met equipment. Out of these, three copies i.e. original black, blue and red will be sent to Central Met Stores, one copy to the controlling Command (C Met O) and the last copy retained in the forms pad (for record) at the unit.

(ii) On receipt of the demand, Central Met Stores will arrange for the supply of Met equipment [see section 3 (v)] and returned to the unit two copies of form (Q) 429 (Blue and red) after entering the actual quantities supplied, as soon as the supplies are dispatched. The Inventory Holder, and receipt of this voucher, will physical check the equipment against the Form (Q) 429, retained Red copy of the voucher for his record and return the Blue copy (duly receipted) in token of receipt of equipment. All the non-consumable Met equipment received will be entered in the Met Equipment Inventory.

(iii) In regard to the accounting of consumables equipment at a unit inventory holder will maintain a separate register showing details of receipt (s). Consumptions and balance in hand as per specimen shown in Appx VII to AFI. Separate pages will be used for each item.

(iv) Any discrepancies or breakages as revealed by physical check on receipt of Met equipment will be notified in detail to the Central Met Stores [and copy to DD Met- I (Air HQ) immediately. The returnable Blue copy of Form (Q) 429 will however not be amended. On receipt of the receipted copy of Form (Q) 429 Central Met Stores will link this copy with the copy retained by them after clarifying the discrepancies/ breakages, if any, necessary entries will also be made by central Met Stores in A-in-U Ledgers concerned.

7. **Returned of the Met Equipment and action taken there on**

When any Met equipment is required to be returned to Central Met Stores from any unit, this will be done with prior intimation to the Command (C Met O) and Air HQ (DD Met-I). Necessary precautions will be taken by the unit in packing the instrument (see paras 8 (i) to 8 (iii)]. Three copies of Form (Q) 429 will be prepared for the Met equipment dispatched- two copies (Red and Blue) of which will be sent to Central Met stores. The third copy will be retained at the unit for record in the paid as soon as the equipment is received at central Met Stores and checked, one copy of (Q) 429 (Blue) will be returned to the unit concerned, duly receipted and other copy properly filed by Central met Stores. The concerned will link the copy of Form (Q) 429 (returned by the Central Met Stores) with the third copy (retained at the unit) and carry our necessary amendments in the inventory. Any discrepancies or breakages (within transit) will be suitably actioned (see Section 5 above).

8. Dispatch of Met Equipment by Units

(i) As most of the items of the Met equipment are very delicate and fragile special care will be taken in packing the equipment (see chapter 3, IAP 1501 and special instruction laid down for packing Thermometer etc. in the hand book- 'Instruction to observer' at II and III class observatories). " Double Packing System" is always adopted in packing Thermometers.

(ii) As far as possible, Thermometers, Watches, Aneroid Barometers and such other valuable instruments will be sent by registered post, duly insured (see para 72, chapter 3, IAP 1501), if packing are are large and not accepted by postal authorities, they will dispatched by passenger train, duly insured. Barometers – Stations Standards and Theodolites will invariably be escorted by Met personnel, who will personally handle the instruments during transit and carry them in their compartment while traveling. If the escort for Barometers – Station Standards hold rank lower that a Flt Sgt he will be issued with 1st class railway warrant for his journey while escorting the Barometer, vide Govt of India, Ministry of Defence letter No. Air HQ/17340/Met/2077-M/D (MOV & QTG) dated 20 Mar 1956. Met instruments are not to be sent by goods trains.

(iii) Full Hydrogen cylinders will be dispatched by passenger train and special mention will be made of the coir covers and caps in the railway receipts while booking, in order that these may not be detached and lost in transit. Empty Hydrogen cylinders will be dispatched by goods train. Meteorological consumable equipment, chart and form will invariably be dispatched by goods train (under MC Notes). In case of emergency, these will be dispatched by passenger train (under MC Notes) at the discretion of DD Met-I (Air HQ).

(iv) Met equipment will not be transferred from one unit to another without the prior approval of DD Met –I (Air HQ). Whenever any Met equipment is transferred from one unit to another, after obtaining necessary approval, Form (Q) 429 (old form 600) action will be taken by the consignor unit and a copy of Form (Q) 429, duly receipted by the consignee unit, will be forwarded to Central Met Stores- for necessary adjustment in A-in-U Ledgers [Form (F) 1515] concerned. Both the units concerned and the central Met Stores will amend the respective inventories in respect of such transactions.

9. Return Voucher, Issue Vouchers & Conversion (Transfer) Vouchers at Units

All receipt vouchers, Return vouchers, Issue Vouchers-Form (Q) 429 and Conversion (Transfer) vouchers form (Q) 403 (old form 21) will be serially numbered from 1st April (during financial year)-e.g. IV No. 25/65-66 or RV No. 6/65-66 and entered in a register maintained at the unit for the purpose.

10. Inward and Outward Loans of Met Equipment

(i) Loan of Met equipment to the other services or to the Departments of the Ministry of Defence can be made on the merit of each case subject to the condition that the items (s) concerned can be spared without prejudice to IAF requirements. This can be under the approval of the CAS or under the approval of the authority to whom the CAS may delegate this power.

Loans of Met equipments to agencies outside the Defence sector, subject to the same condition as above, would however, require the concurrence of the Ministry of Finance (Defence/Air).

(ii) Loan period will ordinarily not exceed six months. In special cases, when useful Met Data are collected or an important Scientific Investigation is conducted, loan may extended for a further period of six months each time depending upon the importance of the work undertaken.

(iii) In other respects, all loans will be governed by the general instructions contained in Chapter II of IAP 1501.

(iv) Such items of Meteorological or Scientific equipment which may not be available at the Central Met stores but are urgently required either for Meteorological work or for associated scientific investigations, may be obtained on loan by the DD Met-I (Air HQ) from other services or Government Departments or Institutions.

(v) Special care will be taken of the equipment on loan to the IAF and such equipment will be returned before the expiry of the loan period or as soon as the need is over, whichever is earlier, to the lender concerned.

(vi) IAFF (Q) 431 (old Form 603) will be used for Met Equipment loaned to other services or department. All loans (In or Out) will be entered in the register maintained for the purpose (see section 3, para vii).

11. Writes-off Financial Powers etc.

(i) The following categories of items will be written-off struck off charge:-

(a) Instruments, which are beyond repair.

(b) Instruments, which are beyond economical, repair.

(c) Items which have deteriorated due to climatic conditions to the extent of becoming unfit for use.

(d) Instruments broken accidentally (not due to negligence or carelessness of any individual).

(e) Instruments broken accidentally while in transit.

(f) Instruments broken accidentally during acceptance or calibration tests.

In respect of the above-mentioned categories, the verification by the DD Met-I (either by himself or in consultation with other authorities concerned) would be adequate for write-off under the appropriate financial powers.

(ii) All cases of loss/damage will be reported immediately in writing by the person concerned or the person discovering the loss/damage for the first time, to his immediate superior and to the Inventory Holder.

The Inventory Holder (if other than the S Met O) will put up the Statement to the S Met O without delay.

Wherever theft is involved or suspected, the S Met O will inform the Air Force /Army/Civil Police (as appropriate) for investigation.

The S Met O will forward the Statement (and other relevant Reports, if any), together with his own remarks to the DD Met-I (Air HQ) with a copy to the Controlling Command.

The DD Met-I (Air HQ) will examine the case on merits and issue orders indicating whether the case is for normal write-off/Formal Investigation/Court of Inquiry.

(iii) In cases of normal write-off, Form (Q) 406 9in quadruplicate) will be raised by the Inventory Holder as per specimen in App-IV and sent to DD Met-I (Air HQ) through the controlling C Met O for write-off approval. Once write-off is approved and the approved Copy of Form (Q) 406 is returned to the unit, destruction certificate as per specimen in App 'V' will be rendered by the unit and the item struck-off from the Inventory (both at Central Met Stores and unit). In the case of items held on charge of the Central Met Stores the action will be initiated by the O i/c Central Met Stores and on approval of Form (Q) 406, the item will be struck off charge on the Form (Q) 468.

(iv) In cases of Formal Investigation/ Court of Inquiry, the Form I/C-of I will be constituted at the station concerned. The proceedings (in triplicate) together with the Form (Q) 406 will be submitted to DD Met-I (Air HQ) through the Controlling Command. The proceedings will be approved by the D Met on behalf of the CAS. Form (Q) 406 will be approved by DD Met –I (Air HQ).

(v) A Formal Investigation/Court of Inquiry will be ordered in all cases involving theft, fraud or negligence. In such cases a Summary of the case will be forwarded along with the completed proceedings to the CDA for audit verification. On return of the case by the CDA with their recommendations/remarks, the case will be put up to Financial Authorities for concurrence to write-off/strike-off under appropriate financial powers. This is irrespective of whether full or part amount of cost of the item damaged /lost has been recovered from the individual concerned, or the person concerned has already been awarded any disciplinary punishments or both.

(vi) In all cases of write-off DD Met-I (Air HQ) will exercise financial powers as "OC Self Accounting Unit" under rule 73, FRI Part I, read in conjunction with AFI 282/46. When the loss involved is beyond the financial powers of the DD Met-I (Air HQ) the case will be submitted to the CAS-IAF for sanction of write-off (see AFI 282/46).

(vii) DD Met-I (Air HQ) will exercise local purchase powers in respect of Met Equipment up to the financial limit laid down in AFI 282/46 for OC of a Self Accounting Unit.

Case No. Air HQ/25901/8/D Accts/3420/3/D (Air-IV).

Min of Def (D) Dy No. 1575-ST/AF 0f 1968.

GC Aggarwal
Under Secy

Scale of non-consumable Equipment for Met offices at the Air Force Unit

Sl No.	Items Description	Qty	Classification
(a)	SURFACE OBSERVATORY:		
1.	Accumulators 12 Volts (complete with covers)	4	III
2.	Aircraft Altimeter	1	III
3.	Air Meter complete with leather case	1	II
4.	Alidade	1	III
5.	Anemometer with Windvane (Cyclometer)	1	II
6.	Barometer Aneroid	1	I
7.	Barometer Station Standard	2	I
8.	Backboard with bottom rings (for Barometer Station Standards)	2	III
9.	Barometer cage	2	III
10.	Barometer Illuminator	2	I
11.	Bottle water Constant Level	2	I
12.	Bottle water Large	3	I
13.	Clock Alarm	1	II
14.	Clock Wall (for IST & GMT)	2	II
15.	Cloud Search Light complete with Cable on Drum & Rod	1	III
16.	Distant reading Electrical wind Instrument complete with duplicating Dials and Self recording Attachments	1	II
17.	Distant Reading panel with temperature, pressure and wind (Direction and Speed) Indicators	1	II
18.	Goggles Cloud Observing	2 Pairs	I
19.	Measure Rain Glass	2	I

20.	Measure Glass Snow (for high Altitude Stations)	2	I
21.	Mobile Surface Observatory Kit, containing Hand Anemometer, Anemoscope, Aneroid Barometer, Whirling Psychrometer with Thermometers (2), Clock Alarm and Cloud Goggles, all in portable box (For units including ALG's & DZ's).	1	I
22.	Psychrometer Assman Complete with case	1	II
23.	Psychrometer Frame Whirling with Leather Case	1	II
24.	Rainguage	1	III
25.	Screen Stevenson	1	III
26.	Screen Stevenson – Stand for	1	III
27.	Screen Stevenson- Large	1	III
28.	Screen Stevenson Large- Stand for	1	III
29.	Snowgauge complete (for high Altitude Stations)	1	III
30.	Thermometer Remote Reading	1	II
31.	Thermometer Minimum	2	I
32.	Thermometer Maximum	2	I
33.	Thermometer Ordinary (Dry & Wet Bulb)	2 Sets	I
34.	Thermometer Psychomotor Assman	2	I
35.	Thermometer Psychomotor Whirling	3	I
36.	Torch Hand Electric	1	II
37.	Watch makers Lens (for Barometer readings)	1	I
38.	Windvane Ordinary (for ALGs)	1	III
(b)	**SELF RECORDING INSTRUMENTS:**		
39.	Anemograph PT with Dust Cover	1	II
40.	Barograph OS daily/weekly complete with Drum and Clock	1	II

41.	Hygrograph daily/weekly complete with Drum and Clock	1	II
42.	Micro-Barograph daily/weekly complete with Drum and Clock	1	II
43.	Raingauge Self- Recording	1	III
44.	Sunshine Recorder	1	III
45.	Thermograph daily/weekly complete with Drum and Clock	1	II
46.	Thermograph Dry and Wet combined daily/weekly complete with Drum and Clock	1	II
(c)	**PILOT BALLOON EQUIPMENT:**		
47.	Adapters for Hydrogen Generator HP/LP	1	III
48.	Adapters Ordinary	1	III
49.	Adapters Special	1	III
50.	Balloon Release Drum	1	III
51.	Balloon Box (I Met D Type)	1	III
52.	Balloon Filler Set (I Met D Type)	1	II
53.	Board Drawing	1	III
54.	Box for keeping Protractors and Velocity Scales	1	III
55.	Compass Prismatic with leather case	1	II
56.	Cover water- Proof or Theodolite	1	II
57.	Direction Measure	1	II
58.	Direction Plate	1	III
59.	Filter Colour for Theodolite	1	II
60.	Gauge Pressure (for Hydrogen Cylinders)	1	II
61.	Gauge Pressure (for Hydrogen Generators)	1	II
62.	Generators Hydrogen HP/LP complete with accessories	1	III

63.	Ice Box (Capacity 200 lbs)	1	III
64.	Key Lever Hydrogen 5/16"	1	III
65.	Key Hydrogen 9/32"	1	III
66.	Lime Box	1	III
67.	Meter Scale	1	III
68.	Nephoscope Fineman MK II with Box	1	III
69.	Observation Board	1	III
70.	Protractor Quadrant	1	III
71.	Protractor Special N &R	1	III
72.	Protractor 30 cm	1	III
73.	Protractor45 cm	1	III
74.	Spring Balance 250 gms	1	III
75.	Spring Balance 1500 gms	1	III
76.	Theodolite (together with box)	1	II
77.	Tripod for Theodolite	1	II
78.	Valve Fine Adjustment	1	II
79.	Velocity Scales Set	1 Set	II
	Consisting: 1cm = 1 Km 2cm =1 Km 4cm = 1Km		
80.	Watch Stop	1	II
81.	Watch Pocket (Ordinary)	1	II
(d)	**FOR FORECASTING AND TRAINING SECTIONS:**		
82.	Pentograph	1	II
83.	Instrument Box (Draftsman)	1	II
84.	Chart- Duplicator	1	I

85.	Magnifying Glass	1	I
(e)	**MISCELLANEOUS (TOOLS ETC.) :**		
86.	Pad Locks	6	III
87.	Screw Drivers Set consisting Blades: 2mm 4mm, 6mm, 8mm & 10 mm	1 Set	III
88.	Hammer hand	1	III
89.	Nail Puller/ Nail Ejector	1	III
90.	Spanner set	1 Set	III
91.	Wooden Mallet	1	III
92.	Wrench Adjustable (for Generators)	1	III

APPENDIX II TO AIR FORCE INSTRUCTION NO. 59 OF 1968

SCALES OF CONSUMABLE EQUIPMENT FOR UPPER AIR AND SURFACES OBSERVATORIES AT IAF UNITS

ONE STATION PER YEAR

SL NO.	ITEMS	QTY
1.	Balloons (Ceiling)	As required
2.	Balloons PB (for calibration units attached with army)	As required
3.	Balloons PB for Station @ one ascent a day	450
4.	Bamboo Sticks for Stations @ one ascent a day	40 Kgs
5.	Cell dry (for Barometer Illuminator)	As required
6.	Cells Dry (for Torches Hand Electric)	As required
7.	Batteries (for Theodolites)	As required
8.	Bulbs electric 3.5 Volts & 2.5 volts (for Barometer Illuminator and Torch Hand Electric)	As required
9.	Bulbs Electric (for Cloud Search Lights)	As required
10.	Cable Multicore for DR Wind Equipment	As required
11.	Candles PB @ one ascent a day	450
12.	Caustic Soda @ one ascent a day	125 Kgs
13.	Camel Hair Brush	As required
14.	Fish Twine	As required
15.	Ferrosilicon for PB Stations @ one ascent a day	75 Kgs
16.	Hydrogen gas Filled in steel Cylinders (6 cubic Meter) for PB Stations @one ascent a day	16 Cylinders
17.	Ink – Recording (for Self Recording Instruments)	As required
18.	Lantern Paper for PB Stations @ one ascent a day	450
19.	Muslin & wick	As required
20.	Oil for Clocks	As required
21.	Paper Coloured	As required
22.	Pens (spare) for self-Recording Instruments	As required
23.	Pellets Magnesium (for Generators HP/LP)	As required
24.	Plotting Needles	As required
25.	Rubber Tubing ¼"	As required
26.	Rubber Solution	As required
27.	Thread Solution	As required
28.	Thread Linen	As required
29.	Tails (for PB Station) @ one ascent a day	450
30.	Charts Autographic (for all self recording instruments and Attachments)	As required
31.	Sheets Velocity (Graph) for PB Ascents	As required
32.	Trajectory Sheets for PB Ascents	As required
33.	Charts and sensitized paper (for chart Duplicator)	As required

APPENDIX III TO AIR FORCE INSTRUCTION NO 59 OF 1968

No. NDS/...../...../Met

Air Force Station
New Delhi-03

Date.....May 1968

Tests/Repairs of AF Meteorological Instruments

Sir,

1. The undermentioned AF Met Instrument are being handed over to Sh..... Of your office for necessary tests/repairs:-

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

2. Please acknowledge receipt and intimate the date when they are ready for collection.

Yours faithfully

(.....)
Office-in-Charge
Central Met Stores

The Deputy Director-General of Observatories (Instruments)
Lodi Road, New Delhi-03

Copy to:- Air Headquarters, (DD Met-I), New Delhi-11

RECEIPT BY CONSIGNEE

Received the above –mentioned instruments correct.

Date

D D G (I)
Lodi Road-New Delhi-03

IAFF (Q) 406

[Old Form AF (I) F 34]

INDIAN AIR FORCE

Statement of Equipment *Lost or *Damage

*A separate form to be used for each

Holding Met equipment

Issue Voucher No. to be filled In by Air HQ

Unit: Inventory Flight or section: MET Date from raised Period of Account

Ref No.	Section. no. Description	Denom of Qty	Qty	Condition when lost or damage	Vocabulary Rate	Assessed Rate	Total Value of loss	If a court of Enquiry held place & Date	Posted	Remarks and Recommendation (State briefly circumstances in Which loss occurred
1	2	3	4	5	6	7	8	9	10	11
As per Met Eqpt Inv	As per Met Inv with its Identification stating	Each or Set	As lost or damaged	'S' "R' or U/S	Obtainable from Air HQ (DD MetI and Air HQ letter ref to be quoted	As initiated by Air HQ		Place and date of the COI or formal investigation, if not held write not	To be filled in by Air HQ	(i) If an accidental breakage state briefly the circumstances of the loss, whether any negligence Or carelessness involved. If not, recommendation to Write off against the state. (ii) If due to theft, fraud or negligence of an individual, the recommendation of the COI or formal Investigation to be filled in. For (i) above signature of the S Met O or a commissioned officer and for (ii) the signature of the President of the COI etc.

Authority for:
Write-off #
Write-Down#
To be left blank

To be completed and signed by Air HQ only

Sig and Rank (in ink)

Sig of CO or on his behalf by a Commissioned Officer
S Met O

---------- Date

---

for Commanding Officer

Delete whichever is inapplicable

Indicating Category of store
(See AP 830, Vol I, Chap 12 Section 5

Entered on Stock Record on Tally Card		Entered in A-in-U Ledger	

APPENDIX V TO AIR FORCE INSTRUCTION NO.50 OF 1968

Destruction Certificate in respect of written off items of Met Equipment

It is hereby certified that the written off Meteorological equipment, as per details below, has/have been destroyed in my presence and that no component could be retrieved from the damaged article:-

Sl No.	Ref No.	Description	Denom of Qty	Air HQ INV No. as on (Loss Statement)
(i)				
(ii)				
(iii)				
(iv)				

Unit ----------

Date ----------

(Signature and Rank)

(----------)

Name in Block Capitals

APPENDIX VI TO AIR FORCE INSTRUCTIO NO. 59 OF 1968

LAY OUT

Stores Inward Book – Meteorological Equipment

Sl No.	Date of Receipt	Full Description of the items received	Qty Received	Date sent to I Met D for Testing	Date when received back from I Met D after tests	CRV No. & Date BOC	Remarks
1	2	3	4	5	6	7	8

APPENDIX VII TO AIR FORCE INSTRUCTION NO. 59 OF 1968

LAY OUT

Accounting of Consumable Meteorological Equipment

Name of the item----------

Date	Balance Brought	Data Received	Qty Received	C Met Store IV No. & Date	Consumption	Purpose for which	Balance in hand (Carried over)	Remarks
1	2	3	4	5	6	7	8	9

.....

Appendix 'D' to SOP

No. Air HQ/17330/22/1//Met/592/US/D (Air-I)
Government of India
Ministry of Defence
New Delhi – 110011
03 May 91.

To,

The Chief of the Air Staff (20 copies)

Subject:- **DELEGATION OF FINANCIAL POWERS TO AIR HEADQUARTERS**

Sir,

1. The work relating to the provisioning of Meteorological Equipment has been reviewed and with a view to ensure greater cases relating to procurement of both consumable and non-consumable Meteorological Equipment (Including necessary accessories, spares and connected packing materials), the president is pleased to delegate the financial powers, as indicated below to VCAS at Air HQ.

Item	Nature of power
(a) Meteorological Equipment based on approved scale.	To conduct provisioning reviews up to Rs 5 lakhs without pre-financial scrutiny.
(b) Meteorological Equipment not based on approved scale.	To conduct provisioning reviews up to Rs 1 lakh without pre-financial scrutiny.

2. The above delegation of powers will be utilised for provisioning reviews of items as listed below:-

(a) Scaled Meteorological Equipment (including necessary accessories, spares and connected packing materials) as specified in AFI 59/68 and any amendments thereof.

(b) Other Meteorological Equipment/accessories/spares/packing materials already introduced into service till date for Meteorological purposes.

3. The above-delegated powers will be utilised by Air HQ most judiciously.

4. The above delegated powers will be for repeat purchase of items for which previous prices are available and the prices to be paid can be correctly estimated with reference to their approved rate of escalation or normal rate of escalation in the country from which the item is proposed to be purchased. The delegated powers will not be utilised for provisioning of any new items, ie, those being procured for the first time.

5. Air Headquarters will ensure that:-

(a) Existing scales are current and have the approval of the Ministry of Defence.

(b) Those scales which have not been reviewed during the last three years are reviewed expeditiously and in the mean time delegated powers for raising indents in respect of such items should be exercised with the concurrence of Associate Finance.

(b) The review of the approved scales after three years from date of issue strictly adhered to an MOD (Fin/Air) are appraised accordingly.

6. The delegated powers will take effect from the date of issue of these orders and will remain vali initially for a period of three years only and will be reviewed thereafter. Extension will be granted on periodical basis, as considered necessary.

7. In cases involving expenditure in FEE, the existing procedure for obtaining the release of foreig exchange will be ensured.

8. The exercise of the above powers will continue to be governed by the procedural and othe instructions issued by the government from time to time.

9. This issues with the concurrence of Ministry of Defence (Finance) vide UO No. 562/S/AF/Eqpt date 01 05 1991.

Yours faithfully
-----sd-------
(Binay K Jha)

Copy to:-

The Controller General of Defence Accounts, New Delhi.
The principal Director of Audit Services (AF & N), New Delhi.
The Senior Director of Audit Defence Services, Dehra Dun.
The CDA (AF), Dehra Dun (2 copies – 1 signed in ink)
DFA (AF/Eqpt)) – 5 copies.
Officer i/c Central Met Stores, AF Stn, New Delhi.

DRAFT SANCTION LETTER

Tele: 3010231 Extn:- 7529

Air Headquarters (VB)
Directorate of Meteorology
New Delhi-110011

Air HQ/17320/1/1/Met

2002

SUB: PROVISIONING OF MET EQUIPMENT
METEOROLOGICAL BALLOONS

1. The undersigned hereby sanctions raising an indent for the procurement of the following me equipment on 'limited tender enquiry' basis, at a cost not exceeding Rs. lakh in terms of powers conferre vide schedule XII, item P (I) (a) of Appendix II, Part III – Air Force FR part I Vol II (1983 edition) a amended vide Govt of India MoD Letter No. 10(3)/02-D (Air-II) dated 01 Apr 02.

Sl No.	Item	Unit	Qty	Unit Price	Total Price	Source
(a)	Latex Rubber Balloons (27 Gms Pink)	Each	.....	.....	.....	Limited Tender Enquiry

2. The above cost is inclusive of all taxes, excise duties etc.

3. The expenditure involved is debitable to Major Head 2078, Minor Head 110 (b)-12 other Aviatio Stores Code Head 742/12 Met Equipment Scheme (Central Purchase) of the Defence Services.

4. This letter issues with the concurrence of the IFA, Air HQ vide their ID No. ..... dated .....

(.....)
Air Marshal
Vice Chief of the Air Staf

D Purchase
Air Headquarters

Copy to:-

The Controller General of Defence accounts.
The Director of Audit, AF & Navy, New Delhi.
The Dy Director of Audit, Defence Services, Dehradun.
The Controller of Defence Accounts (AF), Dehradun.
(3 copies, one signed in ink)
The Dy Controller of Defence Accounts, AF New Delhi
CDA (AF) RK Puram, West Block –V Wing-4 New Delhi.

Appendix 'F' to SOP

DRAFT INDENT

AIR HQ (DTE OF MET) INDENT NO. 01/2001-2002
AIR HQ/17330/2/87/MET DATED 03 AUG 2001
(NEW INDENT NO. ..... DT ..... ALLOTTED BY MIS)

To,

Director of Purchase, Air HQ, New Delhi.

1.	Please arrange to supply the Stores required	:	Schedules of requirement attached at Appx 'A'
2.	(a) Sanction of the competent authority has been obtained for the purchase of Stores.	:	Yes : (Sanctioned vide letter No. Refer Appendix 'E').
	(b) Funds have been provided under appropriate Head in the sanctioned Budget Esti--mates for the financial year.	:	2002 - 2003
3.	(a) Major, Sub-Major and Minor Head of Account to which the Cost is debitable.	:	Major Head 2078 (Rev), Minor Head 110 (b)-2 Aviation Stores Code Head 742/12-Met Eqpt Schemes (Central Purchase)
	(b) Is the expenditure is voted or charged	:	Voted
4.	(a) In the case of purchase of stores involving foreign exchange, has the requisite allotment of FEE been sanctioned by the competent financial authority.	:	N/A
	(b) Also indicate reference of development wing for clearance from indigenous angle.	:	N/A
5.	(a) Designation of the Account Officer to whom the cost is to be debitable	:	CDA (AF) 1 Floor, Wing - 4 West Block – 5 RK Puram New Delhi – 110066
6.	(a) Plan/Non-Plan scheme.	:	Plan scheme.
	(b) Sector of use	:	Meteorology
	(c) Revenue/Maintenance	:	Revenue

7. Any special instructions or other instructions for these articles are given below.

(a) Item No. 1 Schedule of requirement : Appx 'A'.

(b) Despatch of Stores : The Firm is to contact the inspecting authority for instructions in this regard after factory acceptance test. { ACAS (Met) or an officer detailed by him. }

(c) Consignee : O i/c Central Met Stores
AF Stn New Delhi-110003

8. Last source of supply : (For example)
Tata Power Company Ltd. (Electronic Division)
42/43, Electronic City, PO Electronic City
Hosur Road Banglore-561229.
(MOD Contract no 3(1)/93/DS/SYSTEMS)
dated 29 Mar 93.

9. Stores to be dispatched : O i/c Central Met Store, New Delhi-110003

10. Inspecting authority. : DGAQA/D Met, Air HQ (VB) or an officer detailed by him.

11. Designation of the Inspecting Officer by whom inspection is to be carried out. : DGAQA/D Met, Air HQ (VB) or an officer detailed by him.

12. State that the Indent has been duly checked by DGAQA and required no of drawing and specifications have been attached. : N/R

13. Special information regarding sources of supply. (As Attached)

(.....)
Wg Cdr
DD Met

Date: 2002

Copy To: MOD D (Air IV)
MOD (Fin/Air)
CGDA
CDA (AF) RK Puram
DCDA (AF) New Delhi
D Fin P
D Purchase (5 Copies)
Central Met Stores

OPERATIONAL IMMEDIATE CERTIFICATE

INDENT NO. 01/2001-2002: Air HQ/17330/2/87/Met

(NEW INDENT NO. ..... DT ..... ALLOTTED BY MIS)

1.	Description of Stores	: (For Example) Satellite Images Reception and Video Display System. (SIRAVDS)
2.	Delivery Date	: 30Apr 2002
3.	Name and Telephone Number of the Officer detailed to progress the case.	: (.....) DD Met, Air HQ (VB) Tele: 3010231 Extn:- 7457

4. I certify that the Indent No. (Air HQ/17330/2/87/Met dated 03 Aug 2001) is operational immediate.

(.....)
AVM
ACAS (Met).

Date : 2002

Appendix 'A'
(Ref to Air HQ (Dte of Met)
Indent No. 01
Air HQ/17330/2/87/Met
Dated 03 Aug 2001.

SCHEDULE OF REQUIREMENTS

INDENT NO 01/2001-2002: AIR HQ17330/2/87/MET DATED 03 AUG 2001
(NEW INDENT NO. ..... DT ..... ALLOTTED BY MIS)

FOR PROCUREMENT OF SATELLITE IMAGES RECEPTION AND VIDEO DISPLAY SYSTEM (SIRAVDS)

Sl No	Description	Denom	Qty	Total Price Rs.	Source
1.	Satellite Images Reception And Video Display system. (SIRAVDS)	Each	.....	.....	Limited tender enquiry

Remarks:

1. Supply should be completed by Apr 2002.
2. Prototype and demonstration by Nov 2001.
3. PC, Monitor and peripherals as per 'Appx B' to SOC. Structure should be P-III or P-IV the latest with the following additional Cards:-

   (a) To receive Satellite pictures (Interface Card) both Polar orbiting and Geostationery satellite.
   (b) Digital to Analogue Convert ion Card (DAC)

4. PC-Structure should confirm to normal PC with additional cards as per para 3 subpara (a) & (b) above.
5. Firms to quote separately for Software and Hardware.
6. Price is to be negotiated with short listed firm.
7. Training, product support and maintenance as per paras 3,6,7 & 8 of QRS at site.
8. Installation, Commissioning and testing for the system to stabiles. Acceptance test at the factory before packing.
9. Supplying firm to quote AMC rates (with or without spares) for next five years at the locations given as enclosure. Firm should also quote for matching spares in case of changes in PC Structure.
10. Each Consignment should be warranted for 12 months from the date of Installation.
11. Consignee will be O i/c Central Met Stores AF Stn New Delhi-110003 for initial testing and inspection.
12. Buy back of old PC system.

LIST OF SUPPLIERS

SL NO.	ADDRESSES
01.	Tata Power Company Limited (Electronic Division) 42/43, Electronic City Electronic City Post Office Hosur Road- Banglore 561229
02.	BK Consimpex 109, Kusal Bazar 32-33, Nehru Place New Delhi-110019
03.	National Information Technologies Ltd. 205, New Industrial Area, Mandideep Distt, Raisen Bhopal-462046
04.	INFOTAL SOFTWARE A-133, Shivalik Malviya Nagar New Delhi-110017
05.	Net Connect Solutions Pvt Ltd. 3, Sant Nagar (Near East of Kailash) New Delhi- 110065
06.	INFO Electronics Systems India Pvt. Ltd. P-18 1ST Floor Green Park Extn, New Delhi- 110016.

Certified that the above vendors are the source(s) of supply. Request Financial Proposal (RFP) were floated to them.

(.....)
Wg Cdr
DD Met

Appendix 'G' to SOP

BY REGISTERED POST

Tele : 3377275

Fax : 011-3017664

Directorate of Purchase
Air Headquarters
Vayu Bhavan
New Delhi - 110 011

Air HQ/ 02 NR **** /IPW/PUR.

*****2002

M/S *****

INVITATION TO TENDER
TENDER ENQUIRY NO AIR HQ/ 02 NR *** /IPW/PUR**
DUE ON: ****

Dear Sir

1. Enclosed please find tender documents for supply of ******

2. On behalf of the purchaser named in the Schedule 'A' to the tender, I invite you to tender for the supply of *****. The quotation is to be in INDIAN RUPEES.

3. The quotation is to be submitted in two sets in different envelopes. The first set should contain the technical bid, capacity verification certificate, and commercial terms without price and tender documents. The second set of quotation (Price bid) should contain the details of the item, price and other commercial terms and conditions and the tender documents. Both envelopes should be sealed and marked as **TECHNICAL/PRICE BID FOR TENDER ENQUIRY NO AIR HQ/02 NR ***/IPW/PUR DATED ***** DUE FOR OPENING ON ****** FOR SUPPLY OF ******

4. YOUR OFFER SHOULD BE ADDRESSED ONLY TO ACAS (LGS).

5. IN THE EVENT OF THE TENDER ENQUIRY NO AND OTHER DETAILS AS PRESCRIBED IN THIS TENDER ENQUIRY NOT BEING ANNOTATED IN THE MANNER PRESCRIBED, ON THE COVER AND IF THE COVER GETS OPENED INADVERTANTLY BY THE STAFF SUCH QUOTES MAY BE RENDERED INVALID. IF THE SEALED BIDS ARE DROPPED IN THE WRONG BOX THEY COULD BE RENDERED INVALID

6. The record of past performance along with the Price bid may also be indicated. Any para/column left blank for providing specific/general information be duly filled or crossed as not applicable.

7. Tender documents attached are to be returned alongwith your quotation duly filled and signed by you as having read, endorsed & accepting the terms and conditions mentioned therein. Printed terms & conditions if any of the tenderer will not be considered. Deviations if any from tender specification should be highlighted failing which the offer will be treated as incomplete.

8. FOR PROCUREMENT/CLARIFICATION OF SPECIFICATION/DRAWINGS AND OTHER TECHNICAL DETAILS, PLEASE CONTACT *******

9. Please intimate your Income Tax No. and complete postal address of Income Tax Office.

10. In the event of contract being concluded on you, the said contract will be governed by General Condition of the contract concluded by the Ministry of Defence (Dept of Defence Production & Supplies), as per schedul B & C (revised Nov 89). Returnable copy of the same if desired can be collected from this office.

11. You will be required to furnish Security Deposit at the rate of 2.5% of the total value of the contract yo secure or Rs.2 Lakhs whichever is less. The security deposit can be in any of the forms as explained in claus 23(a) of Schedule B (revised Nov 89). It has to be furnished within 10 days of receipt of acceptance of you offer, failing which purchaser may cancel the contract and purchase the cancelled quantity at your risk and cos and subject to other remedies as may be open to the purchaser including contractors de-registration for Defenc Supply.

12. Sealed Tender should be dropped in Tender Box marked as follows:

TENDER BOX NO 2
ACAS (LGS)
DTE OF PURCHASE (FOREIGN AND INDIGENOUS)
OPENING ON THURSDAYS

13. The Tender Box is kept near Reception office, Vayu Bhavan. The quotation can also be sent by courie Regd Post so as to reach before due date and time. No responsibility will be taken for postal delay or no delivery/non-receipt of tender documents.

14. The sealed quotations will be opened in public on due date at 1135 hrs. Your representative should be possession of an authority from your firm, in case, he is attending the tender opening. In case, due to ar exigencies the due date for opening of the tenders is declared as closed holiday by the Govt., the tenders will such cases, be opened on next working day at the ibid. time.

15. Incomplete tenders will be rejected summarily without assigning any reason and the decision of t purchaser shall be final and binding on all parties.

16. In case you are *unable* to offer against our subject Tender Enquiry, we would appreciate a note of regr from your side giving in brief, reasons for not quoting and request you to return our enclosed tender document

Thanking you,

(.....)
Wg Cdr
DD Purchase

Copy to:

Indentor: ******- w.r.t indent no ******

Inspection Authority: *****

AIR HEADQUARTERS (DTE OF PURCHASE)
SCHEDULE –A-

TO

TENDER NO AIR HQ/ 02 NR **/ IPW/PUR

Date &Time to reach this office:	1130 Hrs on **
Time and date of opening of tenders	1135 Hrs on **
Validity of Tender required till	**

1. DETAILS OF ITEMS OFFERED

Sl No	Description	DOQ	Qty	Price in Indian Rupees*

*Unit price should be exclusive of all Government duties, Govt. Duties/taxes etc should be specified giving the current rate applicable.

2. PLEASE SPECIFY THE FOLLOWING :-

(ALL COLUMNS ARE TO BE FILLED OTHERWISE THE OFFER IS LIABLE TO BE REJECTED)

S NO	DETAILS	TO BE FILLED BY THE FIRM
1.	Discount, if offered (Answer in YES /NO)	
	Indicate the amount of discount	
2.	Is Excise duty extra? (Answer in YES /NO)	
	If Excise Duty is extra, indicate the extent/current rate of Excise duty leviable for item.	
	Surcharges on Excise duty	
3.	Is Sales Tax extra? (Answer in YES /NO)	
	If Sales Tax is extra, indicate the rate against the Concessional Form.	
4.	Is Customs Duty Exemption Certificate (CDE) required? (Answer in YES /NO) **IF CDE IS REQUIRED INDICATE AND ENCLOSE THE NOTIFICATION UNDER WHICH CDE CAN BE ISSUED.**	
	If CDE is required indicate **CIF** value of stores to be imported.	
	If CDE is required indicate the Customs Duty payable.	
5.	Is your company exempted from payment of Sales Tax and Excise Duty ? (Answer in Yes /NO)	

Note: **the tenderers are required to spell out the rates of Customs duty, Excise duty, sales tax, in unambiguous terms, otherwise their offers will be loaded with the maximum rates of duties and taxes for the purpose of comparison of prices.** Tenderers should furnish details about the deviation, if any, from the tender specification failing which the Offer will be treated as incomplete. **FOR OBTAINING/DETAILS OF SPEC. /DRG, *** MAY BE CONTACTED DIRECTLY**

3. Preference to the tenders quoting FIRM & FIXED rates may be given if their offer is found to be meeting all technical QRs.

4. Firms offering variable prices should give details of escalation formula, which should, however, avoid WAGE ESCALATION.

5. DELIVERY REQUIRED :

6. TERMS OF DELIVERY : FOR Destination.

7. CONSIGNEE :

8. INSPECTION AUTHORITY :

9. AGENT INSPECTION AUTHORITY :

10. INSPECTION OFFICER :

11. PURCHASER: The President of India through Director of Purchase, Air HQ, Vayu Bhawan, New Delhi-110011.

12. Names of tenderer backing out/defaulting after opening of tenders will be recommended for deletion from the compendium of registered suppliers maintained by HQ DGAQA/HQ DGQA and other defense organisation or for particular group of items depending on merits.

13. The purchaser reserves the full right to accept in full or part or reject any tender received without assigning any reason therefore and his decision on the subject will be final and binding on all parties.

IMPORTANT CLAUSES

14. **Special Clause**: The following special clause to be strictly adhered to while submitting the quotations: -

(i) **Price Negotiations**: There will be no price negotiations, if rates received for technically acceptable offers are considered reasonable.

(ii) Unsolicited letters / canvassing / post tender revisions / corrections shall render their tenders liable for summary rejection

(iii) .Option **Clause:** The purchaser reserves the right to place order on you for additional qty upto **25%** of the qty that may be ordered, at the same rates and on the same terms and conditions at any time during the currency of contract.

15. **PAYMENT TERMS**: - 95% PAYMENT WILL BE RELEASED AGAINST COPY OF INSPECTION NOTE AND PROVISIONAL RECEIPT ISSUED BY CONSIGNEE AND BALANCE 5% AFTER ACCEPTANCE OF ITEM BY CONSIGNEE.

(.....)
Wg Cdr
DD Pur (IPW)

Schedule: XII (Q)

Powers to place AOG/PHU/MCM requisition on Defence PSUs for Indigenous Items

1. **Schedule XII(Q)** : Powers to place AOG/PHU/MCM requisition on Defence PSUs for Indigenous items.

	W/O IFA Concurrence	With IFA/CDAConcurrence
AOC /CO Depot /AFLE	Rs 1,00,000/-	Rs 10,00,000/-

2. **Areas / Ranges** : This schedule (sub- schedule) shall cover the Rotables / Repairable/ LRUs / Maintenance & Component level Spares pertaining to weapon systems Produced / Supplied / Repaired & Overhauled / Fabricated by M/s HAL & M/s Bharat Electronics and other Defence PSUs.

3. **Occasions** : Depot Commanders conferred with the subject powers are to make use of the delegated financial powers to expeditiously procure spares required on AOG / PHU / MCM priority from Defence PSUs mainly M/s HAL and M/s BE subsequent to realising that spares or their In–lieu's are not immediately available to meet AOG/PHU/MCM demand.

Budgetory Support & Management :

4. Expenditure is debitable to Major Head 2078, Minor head 110(a) & (b) of the Defence Service Estimates.

5. Code Heads pertaining to Repair and Supply of spares from M/S HAL are different; therefore, the correct code heads are to be mentioned while raising the RMS Order. Payments are to be made as per existing procedure for HAL. In case of M/s BE where orders are placed by the Depot/AFLE the bills are to be forwarded to JCDA Nagpur for payment. The concerned Depot/AFLE is to include requirement of funds for this purpose in its. Forecast estimates and PR/PRE/RE/MA. HQMC will centrally monitor and manage these funds for all depots.

6. Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

Procedure & Follow up of raising Requisitions / Orders :

7. This procedure is applicable for Defence PSU only, when non availability of stock has been certified by the concerned depot. In case stocks are not available with the depot against an AOG/PHU/MCM on a requisition is to be raised on the concerned defence PSU within 2 working days of receipt of the demand. The reasons has to be elaborated as to how item has become MOG/PHU/MCM.

8. Quantity to be requisitioned from the PSUs is to be worked out as follows:
   (a) Qty on AOG/PHU/MCM + Sufficient stock to meet requirements of three aircraft / Equipment (this is only applicable in case of recurringly required spares and not non-recurring spares and repairable) or
   (b) Actual quantity required to meet PHU/MCM

9. Estimated cost need to be worked out w.r.t LPP/Budgetory quote/price lists. Requisitions are to be directly submitted to the concerned division at M/s HAL or M/s BE by the most expeditious means. A copy of the requisition is also to be addressed to the IFA/JCDA/LAO concerned if cost is beyond the financial powers of the depot/AFLE without concurrence. Separate formats are to be used for Rotables/ Repairable and other items. Prices will be indicated in the requisitions w.r.t LPP /budgetary quotations/price lists of PSUs.

10. RMSOs/Supply Orders are to be raised after due vetting by IFA within 30 days of receipt of price details from the PSU. If the cost of order is within the Delegated Financial Powers of the AOsC/ CO of BRD / ED / AFLE. The terms and conditions of the orders are to be vetted by IFA inconsonance with existing policy. Procedure for raising covering RMSO/SO is given below :-

Price / Terms received on Requisitions from the PSU

11. Within 3 days of raising the requisition the AOC/CO of the depot/AFLE raising the requisition is to ascertain if costs are available in FPQ/price list. In case price is not available in FPQ/price list the AOC/CO of the depot/AFLE is to seek cost details from the PSU within 3 days of raising the requisition. Pricing of HAL is to be done as per existing MOD guidelines in consultation with IFA..
12. On receipt of price details along with the terms & conditions of supply from the PSU,Unit may submit all documents viz. quotation of the PSU and other supporting documents to IFA for his security/ concurrence IFA will examine the following facts:

    (a) Whether the price quoted is within the delegated financial powers of the
    AOsC/ CO of BRD / ED /AFLE.

    (b) Whether the price quoted is beyond the delegated financial powers of the AOsC/ CO of BRD / ED /AFLE.

    (c) Whether Prices quoted are reasonable among other thing with reference to LPP/Price Lists/ Budgetary or terms & conditions meet a reasonable time frame of supply for clearance of the AOG / PHU / MCM.

Actions to be Taken in case the FPQ/Price List Price or Price Quoted is within Delegated Financial Powers of the AosC/ CO of BRD / ED /AFLE.

13. A covering RMSO/order is to be raised against the specific requisition after obtaining concurrence from the IFA if the value of order is beyond Rs 1,00,000/- (Rs One Lac) but less than Rs 10,00,000/- (Rs Ten Lacs). Concurrence from the IFA is not required if value of order is less than Rs 1,00,000/- (Rs One Lac).

While putting up the case to CFA and/IFA the following details should be clearly brought out :-

(a) Details of items on AOG, qty on AOG and demand details. Efforts should be made to explore availability from other service sources.

(b) Inability confirmation

(c) Details of the requisition raised.

(d) Cost details and confirmation as to reasonability of cost with regard to LPP/Price Lists/ Budgetary quotation.

(e) Reason why additional qty is being procured or MOQ/EOQ requirement (if applicable). However efforts should be made to procure as per actual requirement only.

Actions to be Taken in case Price Quoted is beyond Delegated Financial Powers of the AosC/ CO of BRD / ED /AFLE.

14. Subsequent to receipt of price details or if the FPQ/Price list price is available, if it is realised that the quoted price is beyond the powers vested with the depot commander / AFLE, the quote is to be forwarded to Air HQ (Maint Cell) along with details at para 12 (a) to 12(e) for obtaining concurrence and approval from Appropriate Competent Financial Authorities MoD along with view of local IFA i.e. ACDA/LAOs .

15. Extension of validity of price at least for a period of 90 days is to be initiated by the concerned depot / AFLE for such requisitions. After approval of Appropriate Competent Financial Authorities MoD and MoD (Fin) the order will be raised by Air HQs copies of which are to be forwarded to the Depot /AFLE concerned.

16. The Depot / AFLE is to then progress the order to its logical end under intimation to the concerned provisioning cell at Air HQs.

TPC/PNC

17. AOC/CO, Depot/AFLE, and IFA i.e. LAO, observe that the prices or other Terms & conditions including PDCS quoted against the requisition are high/unreasonable, a Unit level TPC comprising amongst others, IFA i.e. LAO will negotiate the price/terms with the PSU unless Govt. approved Price List already exists for HAL Items. A detailed brief for PNC should be circulated to all members of TPC, including IFA, i.e. LAO three clear working days in advance along with subject file. In case the issue cannot be resolved through negotiations the issue is to be referred to the Maint cell at Air HQ who will take up the matter with PSU for resolution. IFA is to be involved in all negotiations. An effort should also be made to ascertain from the OEM, the price and delivery schedule. In case prices are high and delivery schedules are not acceptable, the case may be referred to HQ MC along with views of LAO. LD Clause is to be included in supply order.

Concurrence of IFA:

18 IFA i.e. ACDA/LAO will examine the quotation of the P.S.U/ He may critically examine the reasonability of rates, among other things, with regard to LPP, budgetary quotations, price lists or cost-break up i.e. labour, material overheads to be obtained from P.S.U.

IFA should ensure that during PNC, PSU invariably submits **details of cost break-up for manufactured items and necessary documents in proof of reasonability of rates.** IFA may ensure that PSU submits a **list of bought-out items and a list of manufactured items separately.** In case of high value bought out items, **detailed information as to source of supply, handling/departmental charges of PSU, price of the bought out items with regard to invoice is to be called from PSU.**

IFA may advise in cases where PSU quotes unreasonable high rates for high value bought out items, it is expedient to negotiate in such rates with PSU and OEM/**its representative of** bought-out items in PNCs. **The minutes of all such PNCs, including specific advice rendered by IFA, are to be maintained and minutes of such PNC should be signed** by all members, including IFA, i.e. LAO. Reasonability of rates **is to be clearly bought out in minutes.**

IFA will vet covering draft RMSO/SO with regard to PNC minutes if any, rates, terms and conditions of supply such as delivery schedule, liquidated damage, warranty/guarantee, payment terms etc. After vetting, IFA will **record UO No. and date of his office in Draft RMSO.**

19. **Follow up Action by BRD/ ED/ AFLE on RMSO :** Depot Commanders / AFLEs are to evolve an information system with the concerned PSUs to monitor the progress of all RMSOs placed on spares required on AOG / PHU / MCM priority on a monthly or once in two months basis and conducting meetings with the concerned HAL based on which minutes are to be issued .IFA should invariably be associated in such follow up action and meetings.

20. The concerned provisioning agency at Air HQs, Controlling Command HQs and HQ MC, IAF are to be kept informed on the progress of RMSOs by 05th of the succeeding month.

21. Close liaison with the PSU by Depot is envisaged for a pro- active advancement of PDCs.

Action to be Taken in case of delay / Clearance of placement of Order beyond 30 days

22. Delay in placement of order within the stipulated time frame can occur due to:

(a) Observations / clarifications required by the IFA/ CFA. In such cased the issue is to be discussed and queries resolved through discussions. The record of discussions is to be minuted.

(b) Reasonability of the terms & conditions and price is to be negotiated with PSU. In such cases the time limit of 30 days starts from the day the price is negotiated. IFA should invariably be consulted on all such matters where such financial powers are with the concurrence of IFA..

(c) The quote / terms have been referred to Air HQs for approval as it is beyond financial powers of depot/AFLE.

23. **Actions required to be taken by the Depot Commanders / AFLEs in such case are :**

(a) Initiate extension of price validity.

(b) Expedite the issue with IFA or Air HQ or PSU as necessary.

24. **Documents to be submitted for CFA/IFA** (wherever financial powers are with the concurrence of the IFA)

(a) Details of items on AOG, qty on AOG and demand details

(b) Inability confirmation

(c) Details of the requisition raised.

(d) Cost details and confirmation reasonability of cost.

(e) Reason why additional qty is being procured or MOQ/EOQ requirement

(f) All the spares should be priced based on LPP. If not available

(g) assessed price be duly authenticated by specialist technical officer.

(h) Details of dues in, if any.

(j) Availability of funds in relevant Code Head.

Time limits for processing of case

Activity	Time limits
Raising of requisition by depot	Within 2 working days of receipt of AOG demand
Ascertaining prices from price lists/FPQ or obtaining prices from PSU	Within 3 days of raising the requisition
Initiation of case for placement of order by depot or reference to Air HQ if beyond financial powers	Within 3 days of receipt of price quotes/agreement on prices by negotiations
Financial scrutiny of case by IFA/JCDA/LAO	7 working days subject to availability of manpower, space and other facilities by the unit/HQ MC.
Approval of CFA	--

Policy letters & regulations required to be followed:

(a) Leaflet 21 of IAP 1541

(b) Air HQ/61274/65/LR/D(Air-I)/II/USD (Air-I) dated 04 Jan 2000.

SCHEDULE-XIII

Powers exercisable in consultation with CDA for Regularisation of Audit objection arising out of breaches of Rules and Regulation when the monetary value of the loss could not be assessed.

Item Powers exercisable in consultation with Controller of Defence Accounts for regularisation of audit objection arising out of breaches of Rules and Regulations when the monetary value of the loss could be assessed

Authority AFO 49/87

CFA & FINANCIAL LIMITS

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence	Existing
VCAS/DCAS/AOA/AOM/AOP	NIL	2,50,000	50,000
AosC-in-C Command	NIL	1,00,000	20,000

Conditions

(i) Irregularities connected with Railway Warrants and Military Credit notes e.g Irregular issue of Warrant/Military Credit notes.

(ii) Non production of receipted copies of issue voucher of store, failure to trace in the ledgers credits in respect of receipt vouchers

(iii) Erroneous expenditure in respect of deployment of man power

(iv) Loss of auditable documents like car diaries, ration strength statements where the ceiling of the value of the transaction involved an be assessed with reference to other connected accounts i.e., with reference to total value of POL issued or rations drawn during the period to which the cost documents pertain.

(v) Irregularities connected with the use of MC note. These powers will be exercised after the necessity for and the practicability of recovery has been considered by the competent financial authority.

Check list

In all cases of audit objections, arising out of breaches of rules and regulations, efforts should be made to assess the loss/financial implications, if any, involved in the irregularity and action taken as given below :-

(a) Where the loss to the state or the financial implications involved can be computed, the irregularity will be regularized in consultation with the Controller of Defence Accounts under the procedure prescribed in Chapter VII of FR Pt I Vol I. Financial powers of officers competent to regularize such objections and an

illustrative list of the type of objections which may be regularized under this procedure are laid down in Appendix II of FR Pt I Vol II.

(b) Cases of irregularities which involve no loss or where the monetary value of the loss is not assessable, (e.g., non verification of stock within the prescribed period) may, depending on the nature of the irregularity, be referred to the AOC-in-C, AOC/Stn Cdr and heads of Branches at Service Headquarters by the Controller of Defence Accounts for regularisation.

The Controllers of Defence Accounts will report to Government of India cases, if any, wherein their opinion, the intention of the above delegation of powers has been misapplied.

SOPs at unit level

(i) Units incident of audit objections to be reduced to the barest minimum and the transactions carried out as per rules and regulations in force.

(ii) Audit objections are to be dealt as per the procedure laid down in AFO 49/87 and the settlement obtained on priority

(iii) There may be cases where there is a disagreement between the unit and audit authorities or due to breaches of rules and regulations. Such cases be forwarded to next higher CFA after obtaining audit report.

SOP at Command HQs and Air HQs level

(i) Sanction will be accorded on the basis of SOC , on receipt of SOC from the unit the following will be checked:-

(a) SOC are forwarded in six copies
(b) Correctness of requisite particulars
(c) Nature of irregularity
(d) Correctness of financial effect.
(e) Remedial measures suggested therein.
(f) Action taken to avoid recurrence of the same
(g) Whether SOC is accompanied with initial audit report from the LAO(AF)
(h) The SOC is vetted by the respective specialist cell and processed for final audit report.

(ii) On receipt of the SOC, concerned Section in Command/ Air HQs will register the details of the case in the register maintained for the purpose.

(iii) If all the conditions are being fulfilled the case will be put up to IFA for the necessary concurrence wherever applicable.

(iv)On receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

Schedule XV A,B &D

Powers to incur expenditure on local purchase of Stationary including printing &binding through private agencies and local purchase of rubber stamps and other office seals assessed

Sch.XV-A, B & D

CFA & Financial limits **FINANCIAL LIMITS**

Competent Financial Authority	WITHOUT IFA Concurrence	With IFA/CDA Concurrence
1	2	3
	(Rs)	(Rs)
(A) Local purchase of stationary &Office Equipment (per transaction)		
(i) VCAS/DCAS/AOP/AOM/IG	50,000	25,00,000
(ii) AOsC-in-C Commands	50,000	25,00,000
(iii) D Org and AOC/CO of self accounting Units	30,000	3,00,000
(B) **BLANK**		
(D) Local purchase of rubber stamps and office seals		
(i) AOC-in-C Command	Full powers	
(ii) OC Unit	Full powers	
(iii) Camp Commandant	Full powers	

Conditions

(i) Powers should be exercised through the Dte of Fin P/C Accts O/S Accts O/DMA Air HQ who is to ensure that adequate funds have been allotted and are available in the budget.
(ii) Powers in respect of purchase of stores relate only purchase of indigenous stores and NOT in respect of stores from abroad.
(iii) Office Equipment includes Fax machines, High Speed Digital Duplicators/copy printers, risographs, Typewriters including Electronic Typewriters, Duplicators, electric stencil cutters, Photo copiers, Laminators, Binders and Shredding machines, display equipments, Printing Machines including accessories, Engg Plan Printers, Perforation Machines, Pre-printing machines such as Camera etc, post printing equipments , dyes, plates and composing materials.

3. **Acceptance of Necessity Angle Sanction**

(i)The user Directorate/Unit will submit the requirement through a statement case indicating justification, Qty and financial implications.
(ii) The SOC should have recommendation/approval of appropriate authority the Directorate/Unit level.
(iii)On receipt of SOC respective Dte authorized to incur expenditure will submit the proposal through a note in the file for concurrence of IFA for acceptance of the approval from necessity angle.

(iv)The note-seeking acceptance of necessity angle sanction should be coined in a thoughtful manner so that it is capable of being understood even by a layman.
(v)Part 1 of note should indicate the details of case in brief, item for which SOC has been submitted. It may be ensured that no other requirement of similar type of item exist, if exists it should be clubbed to avoid piece-meal sanction.

(vi) It may be clarified in the note whether sanction is sought for procurement through Govt agency viz. Kendriya Bhandar, Super Bazar, NCCFI or through trade. All stationary items will be procured through competitive tendering. Tender will be invited from Kendriya Bhandar, Super Bazar, NCCFI alonwith reputed private firms/authorized dealers.
(vii)If item is to be procured through trade NA CERTIFICATE FROM Govt. agency should be obtained. Mode of tendering to be specified viz. OTE/LTE/STE/PAC.
(viii)It may be clarified as to whether item has been procured in the past or not if procured at what cost if not procured what is the basis of cost. Budgetary quote should be placed in file.
(ix)Whether procurement will be made on the basis of competitive tendering on Propriety Article Certificate Basis from OEM/Authorised dealer.
(x)Availability of Funds should be indicated in the prescribed proforma CodeHead to which expenditure will be booked may be mentioned.
(xi)A SOR should be placed in file indicating Description of item/Brand name/Qty rate total financial implication and source of supply.
(xii)Recommendation of penultimate CFA should be obtained before submitting the file for concurrence of IFA.
(xiii)The specific authority/Schedule of delegated power under which CFA can accord sanction be indicated.
(xiv)IFA will examine the case based on justification, Qty, estimated cost and concur for approval of CFA for obtaining CFA sanction from acceptance of necessity angle sanction.

4. **'B' EXPENDITURE ANGLE SANCTION**

(i)After obtaining approval of the proposal from necessity angle, sanction of the concerned Dte who is authorized in incur expenditure and at whose disposal funds are placed will process the case for procurement through Govt. Agency for Trade sources IFA should be associated for selection of vendors for procurement through trade.
(ii) Sealed Quotation/ Tenders will be invited in a sealed cover on the basis of SOR/mode of dispatch of quotation to vendors. Tech and price bid to be obtained separately. Price bids of only those firms should be opened who are declared tech acceptable by TEC. (Remarks of TEC should be obtained in file). The date and time of opening of quotations will be specified in the letter for invitation of tenders.
(iii)Signature of vendors present at the time of opening of tenders should be obtained.
(iv)Representation of IFA should be associated at the time of opening of Bids. In case no vendor is present at the time of opening of Bids, a BOO should open the price Bids.
(v)Signature of at least three officers should be obtained on all the Price Bids.
(vi)A comparative statement of Price bid should be prepared in presence of vendors and lowest vendor should be ascertained. CSQ should also be signed by two

executive officers. CSQ will be vetted by IFA/ rep of IFA before it is put up to TPC for sanction.

(vii)Based on price quoted by lowest vendor, the proposal should be submitted for expenditure angle sanction or holding price negotiation if rates are not considered reasonable. IFA should be associated during pnc.

(viii)For obtaining expenditure angle sanction the proposal should be submitted in a file explaining facts of case indicating that proposal pertain to procurement of _____Qty_____at an estimated cost of Rs_____.

CFA sanction was obtained in terms of Sch _____Govt letter _____---dt_____, copy placed at encl _____ Quotes were invited from _____firms. Quotes placed at encl _____ to_____ Since M/S _____have quoted lowest it is decided to procure the same from M/S _____ at a total cost of Rs _____ Plus ST 2_____. Total financial implication works out to Rs. _____ Funds are available. Expenditure will be booked to Code _____. Draft Supply Order is placed at encl _____.

Proposal should be submitted to IFA after obtaining recommendation of penultimate CFA.

IFA will examine the proposal w.r.t SOR quotes – rates, vet the Draft Supply Order and forward to CFA for concurrence.

All the procedures regarding Payment/BOC etc will be as per prescribed procedure.

5. Audit of sanctions:- Ink signed copy of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA (AF) /JCDA (AF) for audit of sanctions. Ink signed copy of Supply Orders endorsed to CDA (AF) /JCDA (AF) for audit of sanctions, at the time of placement of Supply Order.

Necessary Subject file containing **Original tenders/quotations, CSQ,NA certificate and other supporting documents should be made available to CDA (AF)/JCDA (AF) for audit of sanctions.**

This is separate from post-audit which is to be undertaken by CDA (AF) /JCDA (AF) after payment by AF Accounts Branch.

Sch XV - A

6 SOPs for exercising financial powers for local purchase of stationery & Office Equipment)

Stationary of different sizes and specifications serving the same purpose will be treated as similar articles. Powers of CFAs and IFAs will be determined accordingly Splitting of financial powers to avoid the sanction of next higher authority and IFA is to be strictly avoided

Co-ordinating agency and procedure for obtaining Financial Sanction

As per the existing orders HQ EAC, HQ CAC, HQ WAC, HQ SWAC, IFA (Air HQ) is the IFA for obtaining financial concurrence. Similarly for HQ TC, HQ SAC, HQ MC, JCDA (AF), Nagpur is the IFA. For obtaining this financial concurrence, the under mentioned procedure may be followed: -

(a) For HQ Commands, which falls under the jurisdiction of IFA (Air HQ), JD Org (P&F) will be the coordinating agency. Similarly for HQ Commands which fall under the jurisdiction of JCDA (AF), Nagpur, C Org HQ MC will be coordinating agency. All cases for obtaining sanctions for local purchase of stationery under the enhanced powers are to be routed through the prescribed coordinating agency for obtaining concurrence of the respective IFAs.

(b) The additional, as well as existing financial powers, in respect of all the CFAs in the IAF can only be exercised after obtaining NAC from GISO/RSDs except in case of non voca items of stationary which can be purchased without obtaining NAC.

(c) The indent for stationery are to be forwarded by the Air Force Units to the GISO/RSDs(as per their dependency) for obtaining stationery, in the beginning of each calendar year as per AFO 51/97. Time frame for submission of indent is to be strictly adhered to for ensuring that bulk of requirement of stationery is met by the RSDs.

(d) After obtaining NAC from RSD, possibility of meeting the requirement of stationary out of the stock available with the Air Force Forms and Stationery Depot (AFF&SD), Barrackpore should be explored. Only if the required items are not available with AFF&SD, is local purchase action to be initiated.

(e) Attention is also drawn to this HQ letter No Air HQ/21285/3/Org(P&F) dated 01 Jul 97 (copy enclosed) wherein it has been clarified that in no case more than three sanctions in respect of any unit be accorded in a quarter. More than one sanction in a month in respect of any unit is also not permissible as in many cases it have been treated as spilt purchase by the audit authorities.

(f) Requirement of each should not exceed $1/4^{th}$ of annual indent placed on RSD.

(g) Competitive tenders/quotations should be invited from KB/Super Bazar/NCCFI. Another reputed private Firms/ authorized dealers. Where rates are not considered reasonable, PNC will be conducted with 1 firm, associating IFA/Rep of IFA.

(h) A schedule of requirement indicating item, brand, quantity, denomination, rates, total cost, should be indicated in SOR.

(i) The draft sanction letter should be placed on records for items/value for which sanction is to be obtained.

(k) Draft sanction letter should indicate that this issues with the concurrence of IFA vide their letter No dated.

7 **Standard Budget documents/Registers to be maintained, Paying Authority and Mode of Payment**

Camp Commandant at Air HQs/Stn Adjutant at unit level is responsible for provisioning of funds, making payment of the bills for office equipment, stationery and stores of office contingency and keeping its proper accounts. Procedure laid down for local purchase vide chapter 9 IAP 1501 and DACL 14/98 to be followed. Budgetary rules and regulations as enumerated in AFO 54/77 are to be adhered to. Dy Camp Comdt (Accts/Stn Adjt is also to maintain a contingent bill register to process/record Misc office contingent expenditure bills received from personal/Dte of Air HQs/Lodger units.

Points to be observed while calculating gross and net requirement

(a) Last three years expenditure to be calculated.

(b) Present and forth coming requirements also to be added to prepare gross requirement.

(c) Average consumption data to be calculated for preparation of net requirement.

8..**SOPs to be followed at Unit level**

(i)Units/Station Commanders will submit their demands for stationery to the Station/Unit Adjutant for the item required.

(ii) Local purchase committee will be formed and market survey carried out.

(iii) Procedure as laid down in DACL 14/98 and Chapter 9 IAP 1501 to lbe meticulously followed.

(iv) LPO will be raised and submitted to S Accts O, who will check the availability of funds.

(v) In case IFA's concurrence is required and if all the conditions are being fulfilled and expenditure is within the laid down Financial limits the case will be put by the Adjutant to IFA for the necessary concurrence wherever applicable.

(vi) On receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

9. **Audit of sanctions:-** Ink signed copy of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA (AF) /JCDA (AF) for audit of sanctions. Ink signed copy of Supply Orders endorsed to CDA (AF) /JCDA (AF) for audit of sanctions, at the time of placement of Supply Order.
Necessary Subject file containing **Original tenders/quotations, CSQ,NA certificate and other supporting documents should be made available to CDA (AF)/JCDA (AF) for audit of sanctions.**

This is separate from post-audit which is to be undertaken by CDA (AF) /JCDA (AF) after payment by AF Accounts Branch.

Sch.-XV-B

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Sch.-XV-D

12 **SOPs at unit and Air Headquarter level (Local Purchase of Rubber Stamps and Brass Seals)**

1. **Rubber Stamps**- The authorities will exercise their financial power to get Rubber stamps made locally as per the powers delegated. At the time of placing orders, the indentors should keep in mind that the rubber stamp round shaped are indented for exclusive use of the Indian Embassies and other high dignitaries and that the rubber stamps of oval shapes only are to be used by other indentors.

2. Usual **procedure for obtaining Brass seals**- Indents for manufacture of the brass seals are to placed on the Superintendent, Postal Seals, Aligarh, by Air HQ. The demand from the units are to be sent to Dte of Signals who will consolidated the same.

Distribution of brass seals will also be carried out by the same Dte. Manufacture of brass seals will, however be arranged by the Dte of Org, Org (P&F) . The indent should be accompanied with the specimen sketches (in duplicate) of the required brass seals showing the exact design, shape and measurement of each seal to guide the manufacturer. The indent should indicate clearly the Head of Account to which the cost is debitable and the name of Accountant Officer by whom the debit will be adjusted.

3. **Local Purchase of Brass Seals** – In case when there is no supply or reply from the usual source of supply and the requirement is of an urgent nature, the local purchase of Brass Seals may be resorted to with prior permission of CFA.

4. Payment of bills for rubber stamps and brass seals – The cost of Rubber Stamps and Brass Seals is debitable to the stationery Code Head 786/24 of Defence Services Estimates. The bills in respect of supplies of Rubber Stamps will be sent by the supplying firms directly to the indentor for payment. The indentor will arrange cheque payment of the bills directly to the supplying firm. As regard payment of bills in respect of supplies of Brass Seals, the Superintendent P&T Forms and Seals, Aligarh will sent the connected invoices direct to the indentor, who should complete the same and return duly countersigned by AOC/Stn Cdr/Unit Commander to the Superintendent P&T Forms and Seals for raising necessary debit against the Controller of Defence Accounts (Air Force) New Delhi. The booking of expenditure in all cases will be done by CDA(AF), Dehradun.

14 SOP's to be followed by Command/Air HQs on receipt of SOC for all items enumerated in Schedule XV

SOPs enumerated in para 7 and 9 above is to be followed.

Audit of sanctions:- Ink signed copy of all sanctions issued by CFAs with or without concurrence of IFA will be endorsed to CDA (AF) /JCDA (AF) for audit of sanctions. Ink signed copy of Supply Orders endorsed to CDA (AF) /JCDA (AF) for audit of sanctions, at the time of placement of Supply Order.

Necessary Subject file containing **Original tenders/quotations, CSQ,NA certificate and other supporting documents should be made available to CDA (AF)/JCDA (AF) for audit of sanctions.**

This is separate from post-audit which is to be undertaken by CDA (AF) /JCDA (AF) after payment by AF Accounts Branch.

SCHEDULE : XV C(I) &(II)

SOP FOR DUPLICATION OF MAINTENANCE DOCUMENTS

1. **Schedule : XV** : This schedule lays down financial powers in respect of Duplication of Maintenance documents on magnetic media and as hard copies.

2. **Occasions:** These powers are to be exercised for duplication of all maintenance and logistics documents on magnetic media and copies through the following means :-

(a) Duplications of documents using in-house resources.

(b) Duplications of documents through external agencies.

These powers will also be applicable for Cataloguing of Parts catalogue and price lists on magnetic media.

3. **Ranges Covered:** All maintenance and logistics documents, publications required for accomplishing Technical, Logistics and allied functions.

4. **Agency Responsible:** Jt Dte of Publication either itself or through CSDO, under the ACAS(MP).

Duplication Through Service Sources

5. Joint Directorate Publication, Air HQ (RKP) under ACAS (MP) (who may even task CSDO in some cases) will be responsible for centralised printing/duplication of maintenance and logistics documents on magnetic media as well as on hard copies. For duplication of documents on magnetic media in-house JD Publications is to put up the requirement of hardware(like computers Printer, scanners, CD writers, CD duplicators, CDs, Floppies etc) to DIT separately for procurement through revenue head of DIT as a one time requirement or replacement against existing item which has completed the utility in life and usage.

6. **Budgetary Support:** JD Publication is to ensure that the annual budget forecast for purchase of printing and binding materials(799/23 or786/26) is projected well in time for allotment of necessary funds.

Duplication/Printing (in-house)

7. Duplication/Printing of maintenance documents through JD Publication should be resorted to only in the following cases :-

(a) The publication does not fall under the purview of copy rights Act.

(b) The publication is not classified.

(c) The total number of pages of the publication to be duplicated is more than 100 pages and is to be distributed to more than 25 addressees.

8. Sponsoring Directorate is to forward the request for duplication to JD Publication at Air HQ (RKP) alongwith the following documents/information :-

(a) "Camera-ready" copy of the manuscript duly authenticated (Hard print and Floppy/CD wherever feasible). Quality of paper, ink, binding et should be clearly brought out.

(b) Date by which the job needs to be completed.

(c) Requisition slip alongwith Certificate duly signed by the Director.

(d) Broad justification for the duplication/printing and the utilisation of the total copies proposed to be printed.

(e) Details of consumables required to be procured.

9. JD Publication/CSDO would then cost the proposal and forward the case with all the details to IFA(if powers are to be exercised in consultation) and CFA for approval after which the printing/duplication job is to be undertaken. For in-house duplication the proposal would be combined from necessity and expenditure angle.

Duplication Through External Source

10. Joint Directorate Publication, Air HQ (RKP_ under ACAS (MP) (who may even task CSDO in some cases) will be responsible for printing/duplication of maintenance and logistics documents on magnetic media as well as on hard copies.

11. **Budgetary Support:** JD Publication is to ensure that the annual budget fore cast for purchase of printing and binding materials (786/23 or 786/26) is projected well in time for allotment of necessary funds.

12. Regarding IFA concurrence at this stage of fund projection detailed guidelines as given in SOP covered under schedule XII (H) should be followed.

13. Duplication of maintenance documents through external agencies should be resorted to only in the following cases :-

(a) The publication does not fall under the purview of Copy Rights Act.

(b) The publication is not classified as TOP SECRET, SECRET or CONFIDENTIAL.

(c) The total number of pages of the publication to be duplicated is more than 10 pages and is to be distributed to more than25 addresses.

(d) JD Publications and CSDO do not have the capacity in terms of to provide the quantitative and qualitative requirements.

14. Sponsoring Directorate is to forward the request for duplication to JD Publication at Air HQ (RKP) alongwith the following documents/information :-

(a) "Camera-ready" copy of the manuscript duly authenticated (Hard print and Floppy/CD wherever feasible),Quality of paper, ink, binding etc should be clearly brought out.

(b) Date by which the job needs to be completed.

(c) Requisition slip along with certificate duly signed by the Director.

(d) Broad justification for the duplication/printing and the utilization of the total copies proposed to be printed.

15. JD Publication is to cost the proposal based on past experience/assessment/market survey and forward the case with all the details to IFA (if powers are to be exercised in consultation) and CFA for approval from necessity angle after which the printing/duplication job is to be undertaken. JD Publication should clearly bring out the following in the proposal.

(a) Availability of funds.
(b) Reasons why the task cannot be undertaken in-house, through photo copy, resorgraph etc.
(c) Agency who would co-ordinate the printing CSDO/ JD Pubs.
(d) Draft RFP to be floated on LTE basis. RFP should be specific on quality of paper, ink, quality, proof reading procedure etc.
(e) List of vendors to whom RFP would be floated (Proprietary purchases are not permitted). ACAS (MP) would register firms through process of advertisements in news papers atleast once a year.
(f) Availability of funds.

16. Necessity angle approval is to be obtained as per principles given in SOP relating to schedule XII(A) to(C).

17. Floating of tenders, opening of quotes, formulation of purchase proposal and procurement is to be undertaken as per principles given in SOP relating to schedule XII (D)to (G) except that the composition of the TPC would be as follows :-

(a) AOM/ACAS(MP)- Chairman (depending on the financial powers)
(b) IFA or rep of IFA
(c) JD Publications
(d) Project Officer(if applicable)

Only after TPC approves the proposal and accords expenditure approval the order is to be placed. The order would be released by JD Pubs/COCSDO. Post contract operations would be as given in para 35 of SOP relating to schedule XII(D)to(G).

18. Documents to be submitted alongwith each proposal as well as time schedule for clearance of each proposal would be as per SOP relating to schedule XII (A) to(G).

19. Time limits for necessity angle and expenditure angle approval would be as per schedule XII (A) to(G).

References: SOPs relating to schedule XII (A) to(G).

SCHEDULE -XVI (A) (B) (C)

Misc. Expdr. Incurred by CAS while on Tour

Item Miscellaneous Provision

Authority FR Part I Vol I

Competent Financial Authority	Without IFA Concurrence	With IFA/CDA Concurrence
1	2	3
1.MISC EXPENDITURE INCURRED BY CAS WHILE ON TOUR		
The Chief of Air Staff	50,000	
Auth: Rule 60 of FR PT I		
2. CEREMONIAL PARADE		
(I) AOC-IN-C WAC	1,00,000	
(ii) AOC-in-C other Commands	1,00,000	
Auth: Rule 290 of FR PT I		
3. LIMIT OF IMPREST ADVANCES		
(A) Detachment Commanders		
(i) Long Detachment	25,000	
(ii) Short Detachment	10,000	
Auth : Rule 476 of Pay & Allowance Regulations		
(B) Advance of Salvage party		
(i) Officer in-charge of Salvage	25,000	
(ii) WO I/C Salvage party	10,000	
(iii) NCO I/C Salvage party	5,000	
Auth : Rule 479 of Pay & Allowances regulations		
(C) Limits of imprest advance for Cash purchase		
(i) IAF self accounting establishment commanded by Air Cmde & above	30,000	
(ii) IAF self accounting establishments commanded by Gp Capt & below	20,000	

Conditions

(i) Powers should be exercised through the Dte of Accts/C Accts O/S Acct O who is ensure that adequate funds have been allotted and are available in the budget.

(ii) Powers in respect of purchase of stores relate only to purchase of indigenous stores and Not in respect of stores from abroad.

SOPs in case of expenditure incurred by CAS while on tour

(i) The expenditure of non recurring nature under this code head would be on the following objects :-

(a) Donations when visiting Training Establishments, Boys Training Units etc

(b) Provision of trophies, Flags etc for presenting to Training Establishments

(c) Provision of amenity articles when visiting hospitals, welfare centers etc

(d) Similar grants

(e) Miscellaneous expenditure incurred by the Chief of the Air Staff while on tour for which no specific provision exists in the Regulations, e.g. gratuities to the servants, coolie here, etc. This expenditure in the Financial years should not exceed 10% of the amount allocated to the Chief of the Air Staff.

(ii) No sanction accorded by the above authorities should involve an express contravention of any existing rule contained in the authorised codes or regulations.

(iii) No such grants be made for services or individuals projects on which the Government of India have definitely refused previously to incur expenditure.

(iv) The unspent balance at the end of the Financial; year will lapse to Government.

(vi) Contingent bill duly supported by pre-receipted bills to be preferred to S Accts O Race Course for booking under the relevant Code head and payment action.

Expenditure incurred on Ceremonial Parade

Checklist & SOPs in case of expenditure incurred on Ceremonial Parade

(i) All expenditure, other than transportation charges, incurred in connection with Ceremonial Parades, including parades on the following occasions be governed under these rules :--

(a) Republic Day

(b) Independence Day

(c) Visits of high officials to military stations.

(ii) All the expenditure under this head will be debited to "Unit allowances and other Miscellaneous Expenses".

(iii) Expenditure incurred on transportation charges i.e., cost of Government transport, hired transport or transport lby rail, and cost of petrol, oil and lubricants consumed shall be met from the respective accounts head concerned.
(iv) Contingent bill duly supported by pre-receipted bills to be preferred to S Accts O for booking under the relevant Code head and payment action.

SOPs at Command HQs for Ceremonial Parades

(i) Receive SOC from Unit in three of copies

(ii) On receipt of the SOC, concerned Section in Command will register the details of the case in the register maintained for the purpose, after checking the justification and fulfillment of conditions governing the requirement.

(iii) If all the conditions are being fulfilled and expenditure is within the laid down Financial limits the case will be put up to IFA for the necessary concurrence wherever applicable.

(iv) On receipt of the case from IFAs concurrence, wherever applicable or otherwise, the case will be put up for CFA for necessary sanction.

Expenditure on Advance to Salvage party

Checklist & SOPs to be followed in case of Advance to Salvage party

(i) An officer or non commissioned officer who is placed in command or charge of a party proceeding, sea craft or MT Salvage duties may be authorized by his Commanding Officer to draw an advance of cash, to enable him to meet the cost of local purchases, hire of lab our, conveyance and such other expenses as may be necessary for service purposes for which immediate payments in cash on spot are necessary.

(ii) The advance will be paid by the accountant officer or imprest holder as the case may be, from the public funds account and a receipt for the amount advanced will be obtained and submitted as a voucher to the account rendered to the CDA(AF).

(III) Before proceeding on detachment or salvage duties, the officer or NCO in command should be instructed to obtain receipts for all payment made under the terms of there rules. His attention should also be directed to the rules regarding permissible expenditure on rations.

(iv) On return of the detachment or Salvage party to its parent unit the officer or NCO in command will, without delay, handover to the Accountant Officer/Imprest Holder the unexpended cash balance of the advance together with vouchers or receipts for all payments made. The Accountant Officer/Imprest holder will account for the transaction in the public Fund A/c.

Checklist & SOPs for advances for Detachment Commander

(i) A Flight Commander who takes his flight away from the Station on detachment may only be allowed to draw an advance, to enable him to make local purchases and hiring which may be necessary during his absence for service purposes, and which can only be obtained by cash payment.

(ii) All other SOP's enumerated in Para (ii) to (iv) for Advance to Salvage Party will be followed.

SCHEDULE XVII (A)

SOP ON PAYMENT OF DEMMURAGE/OTHER & WHARFAGE CHARGES MISCELLANEOUS PROVISIONS

Competent Financial Authority	Without IFA Concurrence	With IFA Concurrence
(A) Payment of Demurrage and Wharfage Charges	Rs..	Rs.
(i) CO MCU/Emb HQrs	10,000	50,000
(ii) AOC/CO Unit	1,000	5,000
(iii) VCAS/AOM/AOC-in-C	10,000	25,000

2. **Areas Covered by the Schedule : The consignment in IAF are received from different sources and transported by various modes like :**

(a) Air
(b) Rail
(c) Road
(d) Sea

Here the Schedule XVII-A to cover all consignment received from above modes/means and payments of demurrage, wharfage and any other charges.

3. **Occasions when the powers can be used** ; The incidence may arise that demurrage, wharfage, terminal storage and processing, warehousing, handling and freight under charges or any other charges required to be paid to the carrier or other authorities, which are beyond the control of Unit/Depot/BRD/Emb HQs/MCU. The power under the Schedule are to be utilised as and when incidence occurs.

4. **Budgetary Support**

(a) **Code Head** : Major Head : 2078 Def Services (IAF)
Minor Head : 105 (c) TPT, SUB Head C
Aviation Stores (EP)

(b) **Budgetary Projection System** : MCO/Lgs Offr/Offr Designated by AOC/CO to project the requirements of funds through Controlling Command HQrs to D Fin P at Air HQ as per prevalent procedure of PR/PRE/RE/MA. Funds allocated are to be closely monitored by Command HQ of allottee units since the expenditure is unplanned and time is essence.

(c) **Budgetary Control (bookings) and expenditure control system**

Demurrage, Wharfage or any other charges is payable due to non-collection of consignment within the authorised free period. On detection of such an incidence, the unit is required to take immediate action to collect the consignment by paying the charges due so as to avoid further damages. The expenditure thus will always be unplanned and sanctions will have to be Ex-Post-Facto. The standard documents and registered will be maintained which are in vogue.

(d) **Paying authority and mode of payment :** Inter departmental book adjustments are to be made by CDA. The mode of payments are :

(i) MC Note IAF (T) 1711 in case of Railways.
(ii) Cheque payment by Accts Offr, Defence Accts Department (AO DAD) in case of Sea/Port.
(iii) Pre-deposit A/C (PDA) in case of Air delivery where charges are made to Airport Authority of India (AAI).
(iv) By air CAN (Air Cargo Note) or cheque payment by Accounts Officer of Unit.

5. **Obtaining expenditure angle sanction** : The sanctions are to be obtained ex-post-facto. Procedure and documents to be submitted for obtaining expenditure angle approval of CFA is enumerated below.

(a) **Cases where payment of demurrage, wharfage or any other charges where expenditure is within CFA powers (without IFA concurrence)** :

On detection of incidence that Demurrage or any other similar charges are payable to carriers or any other agencies due to non-collection of consignment within free period, MCO/Unit representative will collect consignment from carrier immediately by submitting MC Note/Cheque/Payment voucher for book adjustment and obtain receipt/bill from carrier. AOC/CO to approve the expenditure after collection of consignment. Necessary action to be initiated for reimbursement of funds. The AOC/CO may use his discretion to dispense with holding of Court/Board of Enquiry if he is convinced that no theft, fraud and gross neglect has taken place. A waiver certificate is to be issued by AOC/CO in such a case giving adequate reasons for it.

(b) **Cases where payment or demurrage, wharfage or any other charges where expenditure is within CFA powers (with IFA concurrence).**

On detection of an incidence that Demurrage or any other similar charges are payable to carriers or to any other agencies due to non-collection of consignment within free period, MCO/Unit representative will collect consignment from carrier immediately by submitting MC Note/Cheque/Payment voucher for book adjustment and obtain receipt/bill from carrier. AOC/CO to approve the expenditure after collection of consignment. Necessary action to be initiated for reimbursement of fund. The AOC/CO may use his discretion to dispense with holding of Court/Board of enquiry if he is convinced that no theft, fraud and gross neglect has taken place. A waiver certificate is to be issued by AOC/CO in such a case. Officer handling transportation at Unit is to initiate a proposal containing the following -

(i) Any one of "First information" document i.e. fax/carrier notice/carrier receipt, advising receipt of the consignment.
(ii) "Regular check" certificate from MCO/Designated Officer of the unit.
(iii) Court/Board of enquiry, copy of waiver certificate which ever applicable.
(iv) Reason for delay and non-collection within free time by MCO/Designated officer
(v) Suggested remedial action.

The proposal is to be forwarded to IFA for financial concurrence. On receipt of IFA concurrence, obtain approval of CFA.

(c) **Cases where payment of demurrage, wharfage or any other charges where expenditure is beyond the delegated powers of CFA**

On detection of incidence that Demurrage or any other similar charges are payable to carriers or any other agencies due to non-collection of consignment within free period, MCO/Unit representative will collect consignment from carrier immediately by submitting MC Note/Cheque/Payment Voucher for book adjustment and obtain receipt/bill from carrier. AOC/CO to approve the expenditure after collection of consignment. Necessary action to be initiated for reimbursement of funds. The AOC/CO may use his discretion to dispense with holding of Court/Board of enquiry if he is convinced that no theft, fraud and gross neglect have taken place. A waiver certificate is to be issued by AOC/CO in such a case.

Incidence having expenditure beyond power of CFA are to be referred to Command HQ/Air HQ/MOD/MOD(Fin) through proper channel as the case may be along with following documents :-

(i) Any one of "First information" document i.e., fax/carrier notice/carrier receipt.
(ii) "Regular check" certificate from MCO/Designated officer of the unit.
(iii) Court/Board of enquiry with recommendations of Command HQ's or waiver certificate.
(iv) Remedial actions proposed, wherever applicable.
(v) Copies of correspondence related to delay in question. Respective Dte at Air HQ/Cell at command HQ is to process and obtain ex-post-facto sanction of CFA. On receipt of CFA sanction, a letter of authority is to be issued.

6. **Check list for IFA & CFA :** The following aspect could be checked whether :

(a) Regular checks were made by unit/unit representative to the carrier or other authorities.

(b) Was action taken immediately on receipt of first information.

(c) Loss is not due to theft, fraud, and gross neglect and waiver of Court/Board of enquiry is justified (in applicable cases).

(d) Are remedial actions proposed sufficient to ensure prevent recurrence in future.

(e) Delays were beyond the control of consignee.

7. **Time limit for processing of a case :**

Initiation of case by unit (internal or : Within 7 days of payment

For reference to higher formation) demurrage or collection of Consignment

Vetting by IFA or his rep : 7 days

Approval of CFA :

8 **Policy letter and regulation to be referred to :**

Nil

9. **Policy letter and regulation superceded**

(a) GOI letter No. 26023/Q Mov Air/831/D (Mov)/MOD dated 29 Feb 1988.

Schedule- XVII (B)

SOP : TRANSIT INSURANCE (PER TRANSACTION BASIS)

1. **Schedule** : Para B of Appendix II of Part III Schedule XVII. Insurance of items during transit per transaction with a foot note, "to be done on a case to case basis where necessity to be justified". Financial power VCAS/AOM/AOC-in-C Rs.1,00,000/- without IFA concurrence and Rs.1,00,00,000/- with IFA concurrence for payment of insurance charges.

2. **Areas/Ranges Covered** . Insurance can be undertaken for all Air Force stores being transported. Insurance is to be done with a nationalized insurance agency only.

3. **Occasion When The Powers Can be Used**.

TRANSIT INSURANCE IS AN EXTREME EXCEPTION TO BE UNDER TAKEN IN EXCEPTIONAL CASES ONLY

(a) Defence store that have a very high degree of susceptibility to damage loss in transit and the risk that, if damaged the damage would be of such nature that would render the entire equipment beyond economical repair or entail very heavy expenditure on repair.

(b) Despatch of items through private vendors where transporters has no responsibility of damage in transit and damage clause is not covered under transportation charges and it meets criteria at para 3(a) and (d).

(c) All stores in exceptional cases when operational requirements so dictate.

(d) When item is dispatch to vendor (in India or abroad) for repair/maint or being received back after repair and the item is not insured by the supplier as per contract or transportation charges do not include insurance and item falls under category of para 3 (c), (d), (e), (f) and (h).

(e) Imported items of fragile nature.

(f) Air Carrier is likely to pass through storm or through air space of country where war/unrest is anticipated.

(g) Ship carrier is likely to encounter storm or hostilities at sea.

(h) Civil Road transport is likely to pass through strife torn town/infested with anti social elements or pass through area hit by floods etc.

(j) Any carrier transporting inflammable goods.

(k) Any other reasons to prevent loss/damage to stores

4. **Acceptance Of Necessity And Clearance From Budget Angle**. The following are the agencies that are involved in initiating the case for transit insurance.

(a) **Imported Ranges**. For items being imported, respective maintenance cell at Air HQ that propose the requirements of insurance has to initiate the case and forward it to D Fin(P)/DMA (for budgetary purpose) which in turn with its remarks will forward it to AOM for acceptance of necessity. Maintenance cell may club this proposal while initiating case for air lift.

(b) **Other Ranges Within The Country**. If any need is felt by the units to insure any item being transported within the country then,

(i) Units under Air HQ will initiate the case in the form of SOC and forward it to concerned Dte at Air HQ for progression and obtaining for acceptance of the necessity as per details given at Para 5.

(ii) Other units will initiate the case and forward it to the respective Command Headquarters for progression and obtaining for acceptance of the necessity as per details given at Para 5.

5. **Details To Be Forwarded For Acceptance Of Necessity and Expenditure angle**. The following details are to be forwarded to CFA/IFA for obtaining necessity angle approval.

(a) Full justification for the need for transit insurance. To clearly spell out the insurance cover required for fragile items, fire hazard, cyclone hazard, hostilities etc. Multi contingency cover viz cyclone and fire needs to be spelt out. The cost of the equipment to be insured should be clearly specified in the proposal. The date of purchase should also be indicated.

(b) Past reference if any & known, where insurance cover was provided in similar case.

(c) Quotation from all Nationalised insurance companies and a CSQ formulated. L1 is to be identified. Quotes are to be invited by the concerned director of the Maint cell.

(d) Terms & conditions of the insurance policy (a draft insurance policy is to be placed alongwith). System of payment should be specified, Insurance operating officer should be indicated.

6. The case is to be processed through IFA in case insurance premium cost is equal to or more than Rs. One lakh. The sanction in this case would be combined from necessity and expenditure angle. Based on the sanction the Director is to sign the insurance policy and he is also to issue a letter authority for payment release.

7. **Budgetary Support**

(a) **Code Head**. The expenditure shall be incurred from Major Head 2078/Minor Head 105(e)/LCH 753/00 as per IAP 0152.

(b) **Budgetary Projection**

(i) **At Air Hqrs**. Concerned Dte is to prepare their budget estimate for the ensuing financial year based on the past expenditure and future forecast requirements and forward it to DMA under AOM. DMA will compile the total requirements from all cells and project it to D Fin P. D Fin P in turn will allocate necessary funds to the maintenance cells through DMA.

(ii) The responsibility of preparation of budget estimates and the general rules that are to be followed in preparation of estimate is given in Paras 9 and 10 of IAP 0152 and AFO 54/77. The Time schedule to be followed for submission of estimates is given in Para 32 of IAP 0152.

(c) **Budgetary Control**. DMA/D Fin (P) will maintain and monitor the expenditure on insurance at Air HQ. Therefore all cases of insurance are to be routed through DMA/D Fin (P) at Air HQ.

(d) **Paying Authority And Mode**. Payment will be effected on submission of contignet bill by Air HQ alongwith letter of authority.

8. **Execution Of Insurance**. On receipt of approval for insurance proposal is to be finalized between Air Force and Insurance Company based on the standard rules and clauses pertaining to insurance and deed is to be executed. The Insurance Policy is to be signed by the Director level at Air HQ. The Insurance Policy should clearly state that the policy would be operated by the AOC/CO or S Lgs O/C Lgs O of the consignor unit. MCU while forwarding the policy to units detailed guidelines are to be issued to operating unit on how to implement and utilize the policy.

9. **Documents/Details to be submitted to IFA & CFA for approval**

(a) Nature, Type and cost of equipment to be insured.

(b) Total cost implications and confirmation of Budgetary support.

(c) Draft insurance policy.

(d) Quotations of nationalized insurance firms.

(e) Draft letter of authority

10. **Check list IFA and CFA**

(a) To ascertain if insurance is unavoidable and necessary.

(b) If it covers the possible envisaged risks.

(c) Are rates being charged in conformity with laid down premium rates?

11. **Time schedule for processing of cases**

Vetting of case at Command HQ/Air HQ and Initiation of proposal	Within 7 working days of receipt of the case
Financial vetting by IFA	Within 7 days of receipt of case

12. **References** : G of I MoD letter No. 14(17)/86/D(Proc)/D Coord dated 17 Jul 1992.

SCHEDULE : XVII(C)

SOP FOR ISSUE OF REPAIR AND OVER HAUL TASK TO IAF BRDs, DEFENCE PSUs, ITI AND ECIL

1. **Schedule.** Schedule XVII (c) Appendix – II Part-III - Air Force - FR part – I Vol 2. Issued on 01 Apr 02.

2. **Ranges Covered.** The various ranges of Air force Equipment for which the Repair tasks can be issued on the repair agencies are as follows:-

(a) Aircraft

(b) Aero engines

(c) Rotables / Aggregates of aircraft and aero engines

(d) Complete Systems and Repairables of Radar & Communication Systems

(e) Complete Systems Complete System Repairables of GW systems

(f) Repairables of any other equipment for which regular Cat D arisings occur and future requirements (for repair) can be anticipated or cat 'D' have accumulated & need to be repaired.

3. The repair* and overhaul (ROH) task is the tool for utilization of existing inventory of repairables and should be judiciously planned and used to recycle the available (and expensive) assets for forward usage / exploitation of the major equipment.

*Note :- The word repair is not to be limited to repairs only but shall include modified paintings or other activity which changes . the condition of the item to be repaired.

4. **Occasions When the Powers can be used.** The enhanced delegated powers can be used for :-

(a) Issue of Annual Repair Tasks

(b) Issue of special tasks / ad-hoc tasks

(c) Issue of amendments to the tasks

(d) Regularization of the tasks (Excess / Shortfall in Production)

(e) Regularization of production of Non-task items.

5. **Budgetary Support.** Budgetary support is not required in case of issue of task to IAF BRD's. In case of issue of task to indigenous agencies outside IAF Budgetary support is a necessity. In case of issue of ROH task to external indigenous agencies (including other services) Budgetary support from relevant repair code head for the particular aircraft/system is to be provided. In case of tasks issued on HAL, the proposals have to be routed and vetted by Dte of Fin (P) (DDCA) to provide budgetary support.

Issue of Annual tasks.

6. All ROH tasks are issued financial year-wise i.e. Firm task for next one year and roll on task for balance part of the MPE period. The two most important aspects of formulation of the repair tasks are the **accuracy of the task** and the **timely issue of the task.**

7. **Norms for Formulation of Repair & overhaul Task** The draft repair tasks for aircraft, aero engines and rotables are to be prepared at Air HQs as per the guidelines given in IAP 1541 leaflet 30 Part-I & II **(copy placed as Annexure-I)** and AOM's Supply and provisioning Canon 04/2001 **(copy placed as Annexure-II)** .

8. **Schedule for Issue of Tasks.** The process of preparation and issue of the Repair and overhaul task is to begin at least 12 months prior to the commencement of the task year. The schedule to be followed from the beginning of formulating the draft task till the task is completed and regularized is placed at **Annexure III.**

9. **Documents / Data required for Formulation of Tasks.** The key to accurate tasking is the accuracy of the data. The basic data / documents required for calculation of task are:-

(a) Unit Establishment (UE)
(b) Aircraft / engine holdings and the status of each ac / engine.
(c) Past utilization rate(three years) and the planned rate for the task period.
(d) List of rotables/ Aggregates with details of TBO, TTL & Fit per qty.
(e) Withdrawal pattern of rotables/ aggregates of at least last three years.
(f) AOG arisings during last three years.
(g) Holdings of rotables (all categories)
(h) Average service life of all the rotables.

10. **Technical Vetting of Tasks**. The tasks as prepared based on the laid down norms should further be technically vetted bearing the following questions in mind:-

(a) Would the task output ensure a continuous flow to the units keeping in view the task qty and the cycle time?

(b) Would the ROH task qty for next one year translate into sufficient Airframe and engine hours to meet the flying effort for the firm task period?

(c) Is the task related to the AOG arising rate?

(d) In case of any technical modification resulting in changes in life , task figures should be accordingly corrected.

(e) Cat D holdings at the repair depots should be considered.

(f) In case the past withdrawals were due to some technical deficiency which has since been corrected, the task figures should accordingly be corrected.

All tasks before being put up to IFA and CFA for concurrence should be certified by the technical specialist of the weapon cell, that above technical vetting has been carried out.

Processing & Routing of Proposals (Issue of Repair Task)*

* Note :- All tasks after approval are to be issued by a task number by Dte of MIS. Copies of all task, amendments, production performance and regularization are to be forwarded to Dte of MIS.

11. **Task to be issued on IAF BRDs.** The draft task for ROH to be issued on BRDs will be processed as follows:-

(a) The draft repair task (duly formulated as per the norms and technically vetted) are to be sent to HQ MC and the BRD for their vetting. The draft repair task should be accompanied by the working sheets.

(b) The BRD suggests amendments (if required) in the draft task qty .

(c) The amended draft repair task with comments of the repair

(d) depot and recommendations of HQ MC (at SMSO level) received back at Air HQ.

(e) Based on the above, inputs the task figures may be modified at Air HQs and the task is finalized at Air HQ.

(f) A case is prepared and forwarded to IFA for concurrence and subsequent approval by AOM. Before the case is forwarded to the IFA, the recommendations of the penultimate CFA (i.e. the respective ACAS) is to be obtained. The case contents are as follows:-

Case Contents

(i) Define the aircraft, system and the range for which task is to be issued. Define the repair agency/agencies to which task is to be issued (in case past of the task is to be issued by MOD the same should be brought out).

(ii) Bring out in brief what the repair agency has achieved/not achieved in last 3 years including existing capabilities as well capabilities which would be added during the years for which task is proposed to be issued. Would the repair agency be required to be provided additional support to meet the proposed task.

(iii) Bring out the process & logic followed in finalization of the task. Also clearly bring out:-

(aa) Whether all supporting documents as required as placed in file.

(ab) Whether technical vetting has been carried out as per Para 9 of this SOP.

(ac) Whether vetting of HQMC, IAF (SMSO) has been done? & if all HQ MC recommendations have been incorporated.

(ad) Bring out any deviations if any from the existing procedure. In case the task of the repair agency is being reduced due to constraints the same should be highlighted. Bring out details of items/aircraft/ system not included in the task due to constraints & alternate course of action proposed to be taken.

(ae) Budgetary support (by DDCA in case of HAL based) and Maintenance Cell (in case of external agency other than HAL) confirmation should be provided.

(af) Summarise the proposed repair task. Confirm draft task to be issued is placed in file In case of delay in issue of task a delay report signed by ACAS giving reasons for delay is to be attached.

(ag) Obtain financial concurrence from IFA.

(ah) Seek approval of CFA.

(ag) After approval by AOM, a formal ROH task is issued to the BRD. Copy of task is to made available to repair agency, IFA, Dte MIS, audit authorities and paying authorities.

12. **Task to be Issued on HAL Divisions.** In case of task to be issued on the HAL Divisions the following procedure will be followed:-

(a) Draft repair task to be forwarded to the HAL Division concerned and the AFLE for comments.

(b) HAL may suggest changes to the draft task (if required) , duly concurred by the CO of the AFLE concerned and forward to Air HQ.

(c) At Air HQ , the task qty is finalized.

(d) A case is prepared and forwarded to Dte of Fin (P) (DDCA) for costing of the task and for working out the advance payments to be made to HAL. Case contents should be as per Para 11 (e) above. The pricing of the task is to be done as per AOMs S&P canon 1/2002. Dte Fin (P) is to provide details of the costing and the basis of the costing.

(e) The case is then forwarded to IFA for financial concurrence and subsequent approval by AOM. Before the case is forwarded to the IFA, the recommendations of the penultimate CFA (i.e. the respective ACAS) is to be obtained.

Issue the formal task on the HAL Division clearly indicating the advance payment which is permissible (as indicated by Dte of Fin (P) / DDCA).

13. **Task to be Issued on PSUs(Where Pricing Norms are Finalized by MOD).** In case of task on PSUs with whom the pricing policy/ norms have been finalized by MOD, the following procedure will be followed:-

(a) Draft repair task is forwarded to the PSU for acceptance of the draft qty and comments, The Draft repair task should indicate the Govt orders which would regulate the payments.

(b) The comments / acceptance of the qty on draft task received from the PSU (duly concurred by the Air Force Liaison Organization, if established).

(c) The task quantities are finalized at Air HQ.

(d) Requirement of Funds in the repair Code head (Non HAL) for cash out go during the next financial year is noted.

(e) A case is prepared and forwarded to IFA for financial concurrence and subsequent approval by AOM. Before the case is forwarded to the IFA, the recommendations of the penultimate CFA (i.e. the respective ACAS) is to be obtained.

(f) After approval by AOM, a formal ROH task is issued to the PSU.

This procedure will also be followed while tasking repair agencies of other services.

14. **Task to be Issued on PSUs(Pricing Norms not Finalized by MOD) or through private vendors. :-** The enhanced delegated powers are for issue of tasks on PSUs only in

case the pricing policy has been accepted by MOD. In cases where repairs are to be undertaken through the PSUs with whom no pricing agreement exist, the repair / overhaul should be undertaken as per the normal procedure for repair of Air Force equipment and shall be governed by the Financial powers as given at Schedule – XII , Appendix-II, Part – III – Air Force , FR Part-I Vol 2. Issue of 2001.

Issue of Adhoc Tasks

15. In addition to the Repair and overhaul task , additional tasks such as Mod embodiment, Painting, wing repairs, upgradations etc are required to be issued. These are to be formulated based on the actual requirements and are issued on the approval AOM after concurrence by IFA.

Amendment to tasks during task years :- Normally no reduction in task is to be sought at this belated stage unless the repair arisings (Demand) are expected to reduce as compared to what was anticipated when the initial task was proposed. Similarly no increase in task should be sought, unless the repair arisings have actually risen or are expected to rise. The proposed increase/decrease in task should be supported with requisite data. Decrease of task could be sought during the mid term review due to constraints which are beyond the control of HQ MC/Repair depots. Specific details of the constraints should be brought out in each case and specific action desired from this HQ should be brought out or alternately repairs abroad should be recommended. In case any amendment is necessary during the current year a case bringing out reasons for the amendment should be put to IFA & CFA on similar lines as in case of issue of task.

Regularization of Repair Tasks.

16. All Repair Agencies are to carry out a detailed review of the repair task at the end of the task year and forward it to Air HQ by 30 April (for BRDs ,with recommendations of SMSO HQ MC). In case of Excess / Shortfall in production, the details of task and the reasons / justification for excess / shortfall in production are to be given the repair agency .The procedure for regularization of tasks is as follows:-

(a) **Regularization of Task : IAF BRDs.**

(i) A detailed review to be carried out by the BRD at the end of the task year on production status of each individual item on the task.

(ii) Final review of task received at Air HQ through HQ MC with the recommendations of SMSO HQ MC, IAF including remedial measures to make tasks in future more accurate,

(iii) After scrutiny of the final review of task at Air HQ, a case is prepared for regularization of the task. The case contents should be as follows: -

Case contents

1. Link and summarize the repair task issued.
2. Bring out summary of task achieved based on inputs of repair agency and or HQ MC, IAF:-
   (a) Summary details of items & qty under achieved with reasons.
   (b) Summary details of items & qty over achieved indicate reasons for low tasking.

(c) Relate task to serviceability achieved during the period.

(d) Confirm documents as required are placed in file.

3. Bring out the remedial actions to be taken / or taken to avoid recurrence of inaccurate tasking and also action to be taken to get items repaired in case of items where task has been under achieved.

4. Bring out effect of under achievement of task on the fleet/system during the year.

5. Confirm (for external agencies only) if budgetary adjustments have been done for over and under achievements.

6. In case of delay in seeking regularization a delay report signed by ACAS is to be placed in file. Confirm draft regularization letter is placed in file.

7. Seek approval of CFA (AOM).

(iv) The case is put up for the approval of AOM after concurrence by IFA.

(v) After approval by AOM, a formal amendment of the task is issued for regularization of the task.

(b) **Regularization of Task : HAL Divisions.**

(i) A detailed review to be carried out by the HAL Division at the end of the task year on production status of each individual item on the task.

(ii) Final review of task received at Air HQ through the AFLE concerned with the recommendations of CO AFLE

(iii) After scrutiny of the final review of task at Air HQ, a case is prepared for regularization of the task

(iv) The case is forwarded to Dte of Fin (P) (DDCA) for noting the changes in the task and the payments thereof.

Case contents should be as per 16(a) (iii) above.

(v) The case is then put up for the approval of AOM after concurrence by IFA.

(vi) A formal amendment of the task is issued for regularization of the task.

(c) **Regularization of Task : PSUs (where pricing norms are finalized) or to other services.**

(i) A detailed review to be carried out by the PSU at the end of the task year on production status of each individual item on the task.

(ii) Final review of task received at Air HQ through the AFLE concerned / concerned ED with the recommendations of CO AFLE / ED.

(iii) After scrutiny of the final review of task at Air HQ, a case is prepared for regularization of the task. Case contents should be as per Para 16(a) (iii) above.

(iv) The case is then put up for the approval of AOM after concurrence by IFA.

(v) A formal amendment of the task is issued for regularization of the task.

Details / Documents to be provided to IFA and CFA

17. For Issue of Task.

(a) Issue of ROH Task for Aircraft

(i) Summary of data as per Annexure – I to Appx A IAP 1541 Leaflet 30 Part I

(ii) Repair task chart as per Annexure – 2 to Appx A IAP 1541 Leaflet 30 Part I

(iii) Aircraft position as on 01 Apr 200- as per Annexure – 3 to Appx A IAP 1541 Leaflet 30 Part I

(iv) Summary Aircraft Position as per Annexure – 4 to Appx A IAP 1541 Leaflet 30 Part I

(v) List of usable assets as per Annexure – 5 to Appx A IAP 1541 Leaflet 30 Part I

(vi) List of repairable assets as per Annexure – 6 to Appx A IAP 1541 Leaflet 30 Part I

(vii) Utilization rate as per Annexure – 7 to Appx A IAP 1541 Leaflet 30 Part I

(viii) Acceptance of draft task by repair agency/ HQ MC (refer Para 11 and 12 above).

(ix) Draft aircraft repair task along with the forwarding letter.

(b) Issue of ROH Task for Aero engines

(i) Summary of data as per Annexure – I to Appx B IAP 1541 Leaflet 30 Part I

(ii) Repair task chart as per Annexure – 2 to Appx B IAP 1541 Leaflet 30 Part I

(iii) Aero engine position as on 01 Apr 200- as per Annexure – 3 to Appx B IAP 1541 Leaflet 30 Part I

(iv) Production of Engine arisings as per Annexure 4 to Appx B IAP 1541 Leaflet 30 Part I

(v) Summary Aero engine Position as per Annexure – 5 to Appx B IAP 1541 Leaflet 30 Part I

(vi) Premature withdrawal of engines as per Annexure 6 to Appx B IAP 1541 Leaflet 30 Part I

(vii) List of usable assets as per Annexure – 7 to Appx B IAP 1541 Leaflet 30 Part I

(viii) List of repairable assets as per Annexure – 8 to Appx B IAP 1541 Leaflet 30 Part I

(ix) Utilization rate as per Annexure – 9 (Sheets 1 / 2 and 2/2) to Appx B IAP 1541 Leaflet 30 Part I

(x) Acceptance of draft task by repair agency/ HQ MC (Refer Para 11 and 12 above).

(xi) Draft aero engine repair task along with the forwarding letter.

(c) **Issue of Repair Task for Rotables**

(i) Data on flying hours and Flying Factor (FF) as per Annexure I to Appx A IAP 1541 Leaflet 30 Part – II

(ii) Production Performance for previous 3 years as per Annexure 2 to Appx A IAP 1541 Leaflet 30 Part – II.

(iii) Updation of Assets Position as per Annexure 3 to Appx A IAP 1541 Leaflet 30 Part - II

(iv) Computation of Rotable Repair task as per Annexure 4 to Appx A IAP 1541 Leaflet 30 Part - II

(v) Acceptance of draft task by repair agency/ HQ MC (Refer para 11 and 12 above).

(vi) Draft rotable repair task along with the forwarding letter.

18. For Regularization of Task.

(a) The file on which the original repair task was approved and issued.

(b) Production performance Return of the Repair Agency as on 31 Mar.....

(c) Detailed justification for Excess/Shortfall in production (for each item for which task is to be regularized) given by the Repair agency (Refer Para 16 above).

(d) Draft amendment to the task along with forwarding letter.

Note : Delay reports are to be enclosed wherever applicable.

Time Schedule for processing of task case
(Issue, amendment as well as regularization)

	Activity	Agency	Time Schedule (in working days)
1.	Preparation & initiation	Maint Cell	15 days on receipt of inputs from repair agency/ HQ MC, IAF
2.	Budgetary support (only in case of HAL)	DDCA	7 days
3.	Vetting by penultimate CFA	ACAS	3 days
4.	Financial agency vetting	I F A	10 days
5.	Approval by CFA	AO M	-

Note :- In case above time limit is not adhered to the issue is to be brought to the notice of penultimate CFA.

CHECK LIST FOR IFA & CFA

1. Is the case prepared as per case contents given in Para 11(e) & 16 (a) (iii) of the SOP?
2. Are all documents as per Para 17 / 18 Place in file?
3. Has budgetary support confirmation (wherever applicable) been given?
4. Is the task (Issue, regularization) being issued as per laid down time schedule?
5. Are remedial actions /corrective actions suggested adequate & have they been implemented to avoid in accuracies & under achievements.

19. Policy Letters to be referred to:

IAP 1541 Leaf let 30 & 31

20. Policy letters Superceded and cancelled.

AirHQ/6927/9/1/2426/ US
(Air-I) dated 19 Dec 2000.

SCHEDULE-XVII-(D)

SOP FOR ISSUE OF FORECAST FACTOR

1. Schedule XVII D

2. **Occasion:** Once every six months for issue of Forecast Factor on 1st Jan and 1st Jul every year. The case for issue of factor is to be processed and issued by DMA after concurrence of IFA and approval of CFA.

3. **Range:** Forecast factor is to be issued for all aircraft range and weapon systems as well for clothing and Barrack stores. The procedure for issue of forecast factor for aircraft system is to be followed as given in the succeeding paras.

Planned UE

4. Planned UE for each type of aircraft in service covering a period of 5 years or more as required will be made available to DMA by Directorate of Plans and Programmes. Planned UE in respect of aircraft being phased out will be duly annotated as "Life of Type".

Assets

5. Month-wise actual assets of each type of aircraft will be provided by Air Force Statistical Organisation to DMA. For the purpose of calculation of forecast factors, planned UE or actual assets, whichever is less is to be taken into account.

6. Assets awaiting approval as Cat "E" should however be specifically indicated.

7. Moreover, assets should take into account planned future build-up including upgrades during the period for which the fore cast factor is being issued. This input is to be obtained by DMA from DASR.

Authorised Planned Flying Hours

8. The monthly rate of effort for each type of aircraft is laid down by the Directorate of Plans. The authorised planned flying hours is calculated by multiplying the planned UE or assets (whichever is less) by the rate of effort for the authorised MPE.

Adoption of Rate of Effort

9. Forecast factor for each type of aircraft will be calculated on the basis of approved percentage rate of effort.

Calculation of Fore cast Factor for Aircraft

10. The basic formula for calculation of FF is:-

$$EF = \frac{\text{Planned UE or Assets (whichever is less)} + \text{Dues (per ac per month)} - \text{in} \times \text{Rate of effort} \times \text{MPE period}}{\text{Flying hours done in last 12 months}}$$

11. The drill for calculations for one period are illustrated in Appendix "A" to this SOP.

Calculation of Forecast Factor for Ranges other than Aircraft

12. The formula for calculation of FF for ranges other than aircraft are placed at Appendix "B" to this SOP.

Routing of case Files

13. The case files are to be initiated by DMA. Inputs required from ACAS (Ops) are to be obtained on these files. There after, the files are to be routed through the respective ACAS of the Maintenance Cell (For which the fore cast factor is being calculated) for recommendations. Thereafter, the files will be put up for approval of CFA after concurrence by IFA. After approval of CFA the letter of authority for issue off will be signed and issued by DMA. A copy of the letter should be addressed to all maintenance cells, HQMC and depots under HQMC.

14. Time schedule for issue of Forecast Factor

Activity	Agency responsible	Time schedule	
		Effective FF from 1st Jul	Effective FF from1stJan
Provide Planned UE details to DMA	D Plans	15 Apr	15 Oct
Provide Actual Asset status to DMA	Air Force Statistical organization	15 Apr	15 Oct
Provide Dues-In details for fresh inductions to DMA	DASR	15 Apr	15 Oct
Provide Rate of effort to DMA	D Plans	15 Apr	15 Oct
Case to be put up to ACAS (Ops)	DMA	01May	01 Nov
Vetting by ACAS(Ops) and forwarding to concerned ACAS of Maint Branch	ACAS(Ops)	10May	10Nov
Comments of ACAS of Maint Branch to be offered by and forwarded to IFA	Concerned ACAS	20May	20Nov
Vetting by IFA to be done by and put up to AOM	IFA	31 May	30Nov

15. **Documents to be provided to CFA and IFA**

The following documents are to be submitted to CFA and IFA alongwith the case

(a) Planned UE details as provided by D plans
(b) Actual assets as provided by Air Force statistical organisation
(c) Assets awaiting approval as Cat "E".
(e) Dues-In of assets as provided by DASR.
(f) Rate of effort as provided by D plans

(g) Approved percentage rate of effort.

(h) Working sheet for each aircraft/weapon system/stores as per Appendix A& B of the SOP

(i) Draft letter of authority for issue of the SOP.

(j) In case of delay i.e, non adherence to time schedule, a delay report by signed by ACAS (Lgs) should accompany the case.

16. **Check list for IFA and CFA**

(a) to check if all documents as per para 15 are enclosed.

(b) to ascertain and judge if ROE is realistic and achievable and would not lead to over provisioning.

(c) to ascertain if major changes like upgrades, phasing out etc have been catered to in the process.

(d) to carry out a sample check of calculation of forecast factor

(e) if the additional cushion as shown in Appendix 'A' is pragmatic.

References: IAP 1541 Leaflet No. 8

Appendix 'A'
(Refers to Para 9 of SOP No.9)

DRILL FOR CALCULATION OF FORECAST FACTOR EXAMPLE

FORECAST FACTOR FOR AIRCRAFT FOR PERIOD: JAN - JUN

Suppose

		Future	Past one year
(a)	Planned UE	100	80
(b)	Assets + Dues-in	115	100
(c)	Authorised rate of Effort	20	30(per aircraft per Month)
(d)	MPE (in months)	57	57
(e)	Past 12 months Actual Flying Hours		15000

A. Calculation of %age of Rate of Effort

(a)	Authorised Planned Flying hrs for the last one year (Planned UE x Rate of effort x12)	80 x 30 x 12 = 28800	
(b)	Actual Flying done in last one year		15,000
(c)	Percentage flying achieved in last one year	$\frac{15000 \times 100}{28800}$	52%
(d)	Percentage flying achieved + Max 25% cushion (rounded off to Nearest 10)	52 + 13	
(e)	Percentage Rate of Effort to be applied	$\frac{20 \times 70}{100}$	14

The forecast factor will therefore be as follows :-

$$FF = \frac{100 \times 14 \times 57}{15000} = 5.32$$

NOTE 1: As stated in para 6 of IFA 1541, leaflet No.8, Government authorises different percentages for rate of effort in respect of each aircraft. In the above example, Government has laid down that 13% of the authorised rate of effort be taken as cushion, over and above the actual percentage achieved by this aircraft. This is to be rounded off to the nearest 10.

NOTE 2: 25% is the maximum improvement limit possible and need not be applied to the maximum limit in all cases. The ACAS of the Maint cell is to certify the maximum % of improvement which is possible for the subsequent year. These could be a possibility herein. This could be in the negative if the existing ROE cannot be maintained due to Maint reasons.

Appendix 'B'
(Refers to Para 10 of SOP No.9)

FORECAST FACTOR FOR RANGES OTHER THAN AIRCRAFT

1. **Forecast factor for Tools, Testers, Ground Equipment and Ground Radar.**

The forecast factor for TTGE and Ground Radar is calculated as follows:-

$$EF = \frac{\text{Planned Holding of Main Eqpt during the MPE}}{\text{Actual Holding of Maint Eqpt during the consumption period}}$$

2. Forecast factor for clothing and Barrack stores.

The forecast factor for clothing and Barrack Stores is calculated as follows:-

$$EF = \frac{\text{Anticipated strength of IAF Officers/Airmen}}{\text{Actual strength during the past 12months}}$$

3. Forecast factor for items of DGOF origin are to be calculated for a MPE of 54 months and issued to the concerned Maintenance Cells on 1st Oct every years.

Schedule XVII (E)

SOP FOR ISSUE OF RATE OF EFFORT

1. **Schedule** XVII (E) of Financial Regulations.

2. **Range** Rate of effort is to be finalized and issued for all aircraft and Ground Radar systems.

3. **Occasion** Rate of effort is to be issued and promulgated once a year in the month of March.

4. **Background** Rate of effort is a major contributory factor in determination of forecast factor which is the direct multiplying factor to determine future spares requirement as also arisings with reference to TBO. The rate of effort used for determination of forecast factor should therefore, be as realistic as possible so that we do not over provision and extra spares.

5. The present Government approved rates of effort are as follows :-

a)	Fighters	I5h per ac per month
b)	Trainers	20h per ac per month
c)	Chetak/Cheetah	30h per ac per month
d)	MI-8	45h per ac. per month
e)	Ml 17/17 IV	45h per ac per month
f)	Ml 26	50h per ac per month
g)	Ml 25/35	30h per ac per month
h)	IL 76	66h per ac per month
j)	AN-32	66h per ac per month
k)	Avro	45h per ac per month
I)	Dornier	30h per ac per month
m)	HPT-32/Kiran	30h per ac per month
n)	Canberra	30h per ac per month

6. **Procedure to be followed for Determination of Rate of Effort** Henceforth, fixation of ROE will be an annual exorcise to be carried out in the month of January of every year. The average operating hrs for a specific type of radar have been depicted. A few radars are estimated to operate more or less depending on sector and OP requirement in the area of deployment. In future too, the same pattern is likely to continue. Rates of Effort — C & R Radar are appended below :-

Type of	Str	UE	Govt	Firm rated ROE	Anticipated ROE	Deviation –

Radar			Approved ROE	Proposed for 1Yr (PM) per Radar	Next 4 yrs (PM) per Radar	(within 10%)
THD-1955	12	N/A	N/A	250	260	10 hrs
TRS-2215	06	N/A	N/A	295	310	15 hrs
PSM-33	09	N/A	N/A	226	240	15 hrs
P-40	06	N/A	N/A	90	100	10 hrs
P-18	05	N/A	N/A	80	90	10 hrs
ST-68(U)	06	N/A	N/A	70	80	10 hrs
ST-68(UM)	13	N/A	N/A	75	80	05 hrs
IND-1	10	N/A	N/A	50	55	05 hrs
IND-2	06	N/A	N/A	55	60	05 hrs

7. ACAS (Ops), two months before the issue of Rate of Effort, Is to put up a detailed case defining the rate of effort for each type of ac and ground radar on a per month per ac/radar basis. This should cover projection for 5 years, the projections is to be firm for the first year and tentative for the next four years. The proposal should clearly bring out the following :-

a) Type of ac/radars strength and UE.

b) Govt approved rate of effort.

c) Rate of effort achieved in the last two years separately for each year, backed by supporting data.

d) Firm rate of effort proposed to be achieved in the next one year.

e) Anticipated rate of effort for the four subsequent years with annual figures given separately.

f) In case there is a deviation of ±10% on the rate of effort achieved in the past vis-a-vis the firm or anticipated rate of effort, reasons justifying the decrease or justification as to how higher rate would be achieved is to be brought out. In case higher rate of effort Is proposed for future, comments of the Maint Branch are to be obtained as to whether the higher rate of effort can be achieved and technically/logistically supported. ACSA(MP) would coordinate this activity for the Maint Branch.

g) The proposal should thereafter be submitted for approval of ACAS(Ops) and thereafter forwarded for vetting by IFA.

h) The IFA, after vetting, is to put up the case to the VCAS for approval and issue of ROE authorisation, based on ACAS (Ops) is to issue a formal letter of authority by the last week of February each year.

8. **Check List for IFA and CFA**

a) To verify if the rate of effort achieved has been calculated accurately.

b) To ascertain if the firm and anticipated rates of effort are realistic and achievable.

c) To ascertain if the Maint Branch can support the proposed higher rate of effort, if applicable.

9. **Time Schedule**

a)	Vetting of proposal by Maint Branch (through ACAS (MP))	15 days
b)	Vetting by the IFA	5 days

10. **Documents/details to be submitted with the case** :

a) Actual ROE achieved backed by supporting data.

b) Firm and anticipated ROE for next one + four years.

c) Draft letter of authority for Issue of ROE.

11. **References**

a) Earlier Govt. Letter vide which ROE has been approved by MoD.

b) Air HQ/S 18158/154/I/Plans/PC-1/333/DO II (Air III) dated 15 Mar 1994.

c) Air HQ/S 18098/13/Plans/PC-2/2008/DO 11/D (Air III) dated 08 Aug 1988.

d) Air HQ/S 18421/Plans/PC-6816/DO II/D (Air III) dated 06 Apr 1988.

SCHEDULE: XVII (F)

SOP FOR DECLARATION OF IAF STORES AS SURPLUS

AOM will exercise powers in case of centralised ranges and AOC in C HQs MC in case de-centralised ranges.

Occasions for Raising Surplus Reports

1. Surplus Reports are to be raised on the following occasions: -
   (a) Whenever a PR / SR is raised.
   (b) Whenever a major assembly is declare obsolete.
   (c) Whenever a mod is introduced.
   (d) Whenever an upgrade is introduced.

Ranges covered:

2. This SOP shall cover all Air Force stores and equipment.

Definitions

3. **Surplus Stores**. Stores, which cannot be utilised against present or anticipated future requirement. These will include inactive stores for purpose of disposal. These will also include stores, which are rendered pre-mod due to modifications or upgrades.

4. **Obsolete Equipment**. When an equipment has been withdrawn from service due to technical inefficiency to carry out the intended work. This includes items: -
   (a) For which required role has disappeared.
   (b) That has been completely superseded by another equipment.

5. **Obsolescent Equipment**. An equipment is declared obsolescent when no further provisioning is carried out, because: -
   (a) A prototype of successor equipment has been formally accepted.
   (b) An equipment, though obsolete, is required to be retained to meet tactical/technical training or other special requirement [IAP 1541 Leaflet 41 Para 2(c)].

6. **Active stores shall consist of**
   (a) All spares pertaining to Current Aircraft and major ground signal installations (like Radars, Transmitters receivers, generators, machine tools, specialist vehicles etc) in service in the Air force irrespective of whether there has been issues or not.
   (b) All other equipment on which there have been issues from the stock holding units during the past three years.
   (c) Equipment not falling under (a) and (b) above which may be required in an emergency.
   (d) Valuable and attractive items shown in IAP 1501, Appendix 'F' shall continue to be held and accounted for as active stock.

7. **Inactive stores shall consist of**

(a) All aircraft major ground/signal equipment withdrawn from the service and their specific to type spares, ground and ancillary equipment.

(b) Obsolete equipment declared by issue of Air HQ Routine Order Part IV including salvage.

(c) Equipment put up for disposal under orders of competent authority.

Procedure For Declaring Surplus At Depots (Current Items i.e. Active Stocks)

8. Active stores cannot be declared surplus at unit level. Authority for declaring such items surplus rests only with mother/ repair depots. Active stores can be declared surplus only during the process of raising Provisioning Reviews. Current Annual requirement (CAR) is to be taken into account while initiating action for declaring Active Stores surplus. Action to be taken for Class B & C stores will depend upon whether an item has CAR or not. Similarly, action can also be taken for items, which can be repaired. i.e. Rotables and Class A items. Following cases will emerge:-

(a) **CAR=0**: CAR in respect of Class B & C items is based on five years recurring consumption. In case there is no recurring consumption during last five years CAR would be zero and following actions are to be taken: -

(i) Check, if it is an insurance item. (Role equipment, armament, structural components, war reserves etc fall in this category). If it is an insurance item then take a note of quantity to be held as insurance. Check whether stock exceeds the insurance quantity? If yes, then the net surplus is to be worked out. If the stock is less than the insurance quantity then necessary provisioning action is to be initiated to bring the assets (stock + dues in) to insurance quantity.

(ii) Check if the item has been procured against any programme requirement. If yes the quantity so procured is also to be segregated and kept earmarked. In case stock is less than the programme requirement then necessary provisioning action is to be initiated to bring assets (stock + dues-in) to programme quantity.

(iii) If the item is an insurance or against programme requirement item, such quantity is to be retained and balance quantity is to be considered for declaring surplus and listed as such.

(iv) If the item is not insurance or programme requirement the complete quantity is to be considered for declaring surplus and listed as such.

(b) **CAR>0 :** Item is not to be considered for declaring surplus in case the procurement is less than five years old and consumption data for such period is not available. If item has positive CAR and available stocks are beyond MPE and O i/c Provisioning considers the necessity of initiating case for declaring the item surplus, following actions are to be taken :-

(i) Check if it is an insurance item. Also check if it is programme requirement.

(ii) Quantities corresponding to these requirements are to be retained. The time period to be considered for calculating the retention quantity is shown in Appendix 'A' to this SOP.

(iii) CAR (Current Annual Rate) = Consumption for 5 years divided by five.

(iv) FF for MPE corresponding to 57 months is to form basis for working out retention quantity. The FF is to be converted to 12 months FF by dividing the FF of 57 months by 5. Wherever the FF is not available, retention quantity is to be calculated presuming FF for 12 months period as ONE. Two example of calculations of retentions quantity are as follows (All Figure hypothetical): -

(aa) **Aircraft Item**

CAR	= 05
FF Corresponding to MPE of 57 months	=4.5
∴ FF or MPE of 12 months	= 4.5/5
Life of aircraft	= 10 years
Stock	= 150
∴ Retention Quantity Calculation	
Retention period (Appendix 'A' refers)	= 10 years refers
∴ Retention quantity	= CAR X FF for 12 months x retention period in years
	= 5 X(4.5/5)X10 = 45
∴ Quantity surplus to	= 150-45 = 105
Retention period quantity	

(ab) **General Items**

CAR	= 3.5
FF for MPE 57 months	= 4
FF for MPE 12 Months	= 4/5
Retention Period	= 10 years
Stock.	= 103
∴ Retention Quantity	= CAR X FF for 12 months x retention period in years
	= 3.5X(4/5)X10 = 28
∴ Qty Surplus to retention quantity	= 103-28 = 71

(v) Complete Appendix 'B' to these instructions for working out the quantities to be considered for declaring surplus and list such items. It is to be noted that insurance and programme requirements over and above the retention period quantity are to be retained and only the balance quantities are to be considered for declaration of surplus.

(c) **Items Capable Of Being Repaired** Check if any of the items listed, falling in the category of Rotables and class 'A' stores are held beyond requirement and are to be considered for declaring surplus. Such items can not be declared surplus based on CAR. The retention period requirement of such items would be based on wastages (ex yield of repairs). Following actions are to be taken:-

(i) Total scale for IAF + wastage during retention period, is the quantity to be retained and balance is to be considered for declaring of surplus. Wastage during retention period will be calculated as follow: -

Wastage during retention period	=	Average Annual Repair/OH X Wastage Rate X Retention Period / 100

(ii) In case of class 'A' items where scales are not laid down, wastage during retention period as above is to be calculated. Depot scale based on average quantity for repairs, percentage yield of repairs and demand patterns is to be fixed. The retention period requirement in such cases would be depot scales + wastage during retention period.

(iii) While calculating the retention period only that much of stock of repairable items is to be taken into account, which can be converted into serviceable stock (Based on yield of repair).

(iv) In case serviceable stock is more than the retention period quantity the repairs/overhaul of items is not be undertaken.

(v) Items, which are to be considered for declaring surplus, are to be as listed as per Appendix `C' to this procedure.

9. Flow Chart for declaring Active class `B' and `C' stores is shown at Appendix `B' to the procedure. For Class `A' and Rotables, similar procedure is to be followed.

LISTING OF ITEMS FOR CONSIDERING DECLARING OF SURPLUS (OBSOLETE AND OBSOLESCENT ITEMS)

10. **Obsolete Items :-** If the items is declared obsolete under authority of Air HQ Routine Order Pt –IV, then the item is to be considered for declaring surplus and listed as such

11. **Obsolescent Items:** For obsolescent items procedure as for active stores is to be followed. Quantity considered for declaring surplus is to be calculated and listed as such.

12. **Pre-mod for pre-upgrade items** These items are to be based on Modification leaflet , or Modifications leaflets or Bulletins or Task Cards or STIs/ Sis etc and based on technical inputs provided by the agency undertaking any upgrade . The list of such surplus items is to be raised by the Mother Depot i.e. the stock holding depot . This should include not just the pre-upgrade or pre-mod items removed from the aircraft but also stocks of such items held in store .

SURPLUS REPORT CUM DISPOSAL REVIEW STATEMENT

13. Surplus Report cum Disposal Review Statement as per Appendix `D' is to raised by the unit /depot . (The formats at Appendix 'A' and 'B' are to be suitably modified for raising the surplus for pre-mod and pre-upgrade items) . The classification and grouping of items for declaring surplus is follow the same classification as in case of PRs as given in AOM's supply and provisioning Canons 5, 5A & 5B. The statement will include Active Stores (Class A to Class C), Obsolete and Obsolescent stores. The category in which the items fall is to be shown in the remarks column. The surplus reports are to be priced as per AOMs S&P Canon 2/2001 . The basis of arriving at the price should be indicated against each item . The

AOC/CO of the depot is to certify in person that the pricing is accurate and has been done as per laid down norms .

14. **Cancellation of Dues-in** Careful check of dues in, in respect of all items featuring into the surplus list cum Disposal Review Statement is to be checked for dues in. Top priority is to be accorded for taking up for cancellation of all dues in. Cancellation of dues in even with penalties is to be carefully considered at all levels. The depot raising the PR is to enclose the latest Dues In status for the items being declared surplus along with each Schedule of surplus generated .

15. **Vetting and Authentication of Lists.** Each of the lists so compiled is to be checked for possible alternative use. Aircraft and specialist items are also to be considered for general-purpose and instructional use. The final list of items recommended by mother depot is to be compiled. In case the range is for decentralised weapon system, column no 12 and 13 of the statement are to be omitted. The list is to be forwarded to HQ MC in three copies for further action. The statement will be accompanied by all working sheets. A soft copy on magnetic media will also be sent.

Action by HQ MC

16. The surplus list is to be forwarded by the Depot to SLMO (Supply)/ SLMO (Support).The surplus report will be vetted by the concerned cell and forwarded to SMSO's Branch for technical vetting.

17. SMSO's Branch will carry out technical vetting similar to the vetting of PRs and establishing the feasibility of alternative utilisation of the items. All surplus report costing greater than Rs 10 lakhs will be vetted by a committee as per details given below :-

(a) Upto Rs 10 lakhs - by staff of SMSO and to be concurred by SMSO HQs MC

(b) Rs 10 Lakhs to Rs 1 crore - by a committee consisting of

Dy SMSO- HQs MC
Specialist rep of depot , which has raised the review .
Co-opted technical specialist members from BRD's /AFLEs or operating units / Air HQs on a case to case basis (members from operating units/ Air HQs are to be detailed through ACAS(MP) .

The recommendations of this committee are to be approved by SMSO HQs MC .

(c) Rs 1 crore and above - by a committee consisting of
SMSO - HQs MC
Dy SMSO- HQs MC
Specialist rep of depot , which has raised the review .
Co-opted technical specialist members from BRD's /AFLEs or operating units / Air HQs on a case to case basis (members from operating units / Air HQs are to be detailed through ACAS(MP) .

The committee may forward list to agencies wherever a possibility of alternate utilisation exists . SMSO HQs MC is to formulate guidelines for technical vetting of surplus lists . Wherever alternative utilisation is feasible, amendments in items and / or quantities will be carried out. If the surplus is negligible the item may be deleted from the list.

AOLMs branch will issue amendment details based on the inputs of the SMSOs branch to the depot forwarding the statement as well as will issue allotment letters based on the alternate utilisation suggested by SMSOs branch

18. For Decentralised Ranges

(a) The surplus report will be forwarded to JCDA (AF) with a detailed proposal for financial concurrence after exploring the possibility of exploring alternative use. The forwarding to JCDA (AF) will be as per norms followed for processing PRs for decentralised ranges. The proposal will contain a clear statement that all Dues IN has been cancelled . Unless all possibilities of alternate utilization are ruled out the proposal is not to be forwarded to JCDA(AF) .

(b) After financial concurrence the surplus report will be put up to AOC in C HQs MC (these powers cannot be delegated) for approval.

(c) Once approved the final list will be sent to unit along with letter of authority signed by the AOC in C or authority designated by him in writing on for initiating disposal action as per SOP for Issue no XI.

19 For centralised ranges the statement will be forwarded to Air HQ (concerned Maintenance Cell), after checking alternative utilisation of items and filling columns No 10 & 11 in two copies. The statement will be accompanied by all working sheets. A soft copy will also be sent on magnetic media

Action by Air HQ

20. For centralised ranges, technical vetting will once again be carried out by maintenance cell. Amendments will be carried out wherever alternative utilisation of the item is feasible and HQ MC and depot will be informed accordingly. The proposal will contain a clear statement that all Dues IN has been cancelled . In case the Maintenance Cell at Air HQs feels that an item being declared surplus can be sold to another country it is to progress the case through ACAS (Int) . Unless all possibilities of alternate utilization are ruled out the proposal is not to be forwarded to IFA(AF) .

21. The maintenance cell thereafter will obtain IFA's concurrence & CFA's approval and forward approved copy of surplus report along with letter of authority signed by the AOM or authority designated by him in writing to Depot directly for disposal action. Copy of the covering letter will be forwarded to HQ MC as well.

22. The complete process of declaring active stores surplus is given in Appendix 'E' to this procedure. The process of declaring obsolete and obsolescent items surplus is given in Appendix 'F' to this procedure.

ACTION BY DEPOT ON APPROVED SURPLUS STATEMENT

23. Once the items are declared surplus (Whether active, obsolescent or obsolete), these items/quantities are to be segregated. No further provisioning of these items is to be undertaken.

24. The disposal of these items thereafter is to be under taken as per SOP for Issue No XI.

TIME FRAMES

25. The following time-schedules are to be strictly adhered to: -

Activity	Time frame
Preparation of Surplus Report and forwarding to HQ MC	
Vetting by HQ MC (SMSOs branch) and ascertaining feasibility of alternative use	30 days
Allocation of such identified items by HQ MC	7 days
Forwarding the vetted Surplus Report to Air HQ (For Centralized Ranges)	7 days
Concurrence by IFA at HQ MC on the vetted Surplus Report (for Decentralized Ranges)	15 days
Concurrence by IFA at Air HQ on the vetted Surplus Report (for Centralized Ranges)	15 days

NOTE: - Queries, if any, are to be replied to within 7 working days. In case the matter is not resolved within the stipulated time-frames, it is to be brought to the notice of the next higher authority.

ROUTING OF FILES

26. The files are to be routed through the normal channels till the penultimate CFA, who will route the file, through the IFA, to the CFA for approval.

CHECKLIST FOR PENULTIMATE CFA, IFA AND CFA

27. The following documents are to invariably accompany each case: -

(a) Review documents i.e. basis of arriving at the surplus qty

(b) Authority for declaring an item obsolete / Obsolescent (in such cases).

(c) Authority for carrying out mods / upgrades, in such cases or inputs from agency undertaking the upgrade i.e. basis of declaring the items pre-mod or pre upgrade

(d) Technical vetting by Committee under SMSOs branch. Certificate that no other alternate utilisation is possible.

(e) Allocation of items identified for alternative use.

(f) Certificate that all Dues IN is cancelled.

28. Draft letter of authority

29. References: NIL

SCHEDULE XVII
(G), (H), (J), (K)

SOP FOR DISPOSAL OF SALVAGE AND SURPLUS

Occasions

1. For final disposal of salvage and Air Force stores and equipment that have been declared surplus to requirement of IAF.

Range

2. All Air Force stores equipment and salvage .

Definitions

3. **Surplus Stores**. Stores, which cannot be utilised against present or anticipated future requirement and include inactive stores for purpose of disposal and have been declared surplus by the competent authority .

4. **Salvage**. The term salvage denotes repairable stores beyond economical repair and unserviceable, stores which have been utilised and served their purpose and have been condemned under proper authorities to be of no value except as scrap. Generally these stores are categorised as Cat 'E' [AFO 257/77 Para 2 (b)].

SCHEDULE -XVII (G)

PRE DISPOSAL ACTION

5. The procedure for declaring the items surplus is given in Maint SOP No X. Actions . This SOP is to be followed when competent authority has declared item surplus and surplus reports for disposal of the items are to be raised.

6. For disposal of salvage no surplus report is to be raised.

7. It is advisable to transfer complete stock to a single location, in case substantial value on disposal is expected to be retrieved. In case retrievable value would be scrap or negligible or if the transportation cost of getting the item to one location exceeds the likely value to accrue , disposal in-situ even if it is from multi location , would be preferable. The decision in this respect is to be taken by concerned stock holding agency in consultation with the unit where the surplus is held . Even if multi location disposal is resorted to a single surplus report is to be raised by the stock holding depot for determination of the CFA . However the actual disposal process could be separately done .

8. **Making of Lots**. Once the decision for disposal has been made and confirmed and such stores have been segregated, convenient sized lots are to be made which would help in easy disposal of such stores.

SCHEDULE-XVII (H)

PROCEDURE FOR DISPOSAL OF SURPLUS

Surplus stores are to be disposed off by following methods

(a) Disposal through local auction (if the total value of stores is Rs.50,000/- or less in a single category/report).

(b) Disposal through M/s MSTC (The contract is presently valid up to 31 Jul 2003).

(c) Disposal through approved Govt. Auctioneer.

Disposal through Local Auction.

9. If the value of the Surplus Report is such that MSTC and Govt auctioneers do not want to participate (unwillingness for non-participation is to be taken in writing), Commanding Officer of the Depot may resort to local auctioning after approval of HQ MC. This disposal is to be undertaken through Regional Govt Auctioneers , whose list is circulated by Air HQs (Dte of MA)

Disposal through MSTC

10. The procedure for disposal of surplus stores through MSTC is to be followed as given in Govt. of Indian letter No. Air HQ/60281/95/MC-22/1291/US/D(Air-IV) dated 21 Jul 98. The fresh agreements for disposal through M/s MSTC have been extended from 01 Aug 2001 to 31 Aug 2003 (both days including) vide Govt. of India letter No. Air HQ/60281/95/MC-2/2777/US/D (Air-IV) dated 18 Dec 2000.

SCHEDULE -XVII (J)

FIXATION OF MINIMUM RESERVE PRICE

11. Minimum reserve price (MRP) of the surplus stores to be disposed off are to be fixed by a Board of Officers. The composition of the BOO will be as under :-

(a) C Lgs O/S Lgs O.

(b) Rep of CEO.

(c) SAO.

(d) LAO or his rep.

The MRP is to fixed as per norms given in Govt. of Indian letter No. Air HQ/60281/95/MC-22/1291/US/D(Air-IV) dated 21 Jul 98.

12. The MRP Board should be marked Secret' and should be kept in locked cupboard of AOC/CO of the depot .

13. The Surplus report and the Board Proceedings fixing the MRP are to be forwarded by the stock holding depot to HQs MC if cost of the surplus report exceeds Rs 3 crores . In case cost of the surplus report is less than Rs 3 crores the approval is to be accorded by the

AOC/CO of the depot . A proposal is to be put up by C Lgs O (at depots) & AOLM branch (at HQs MC) to LAO/JCDA/IFA which should include the following details :-

(a) CFA sanction which had declared the stores surplus

(b) Surplus report

(c) Board proceedings fixing the MRP

(d) Draft authority letter authorising the depot to proceed ahead wit the sale .

(e) Mode of disposal to be followed i.e. local auction or MSTC or Govt auctioneer .

After approval of LAO/JCDA/IFA CFA approval is to be obtained and a letter of authority , authorising the sale is to be released . This letter of authority is to be signed by an officer of the rank of Wg Cdr and above .

Disposal through Govt Contractor

14. If the AOC/CO feels that disposal through Govt. Auctioneer would be prompt and beneficial to the state, he may do so after approaching HQ MC for approved Govt. auctioneer who could conduct the auction in-situ. The list of Regional Govt auctioneers is regularly circulated by Air HQs (Dte of MA) .

Maintenance of Surpluses meant for disposal

15. AFO 19/2000 amended from time to time and updated, dwells at length on maintenance and accounting of the surplus stores to be disposed off. These stores are not to be subjected to stocktaking, periodical inspection and can be stored in the open on hard standing with tarpaulin covers if covered accommodation is not available.

SCHEDULE -XVII (K)

Acceptance of lower MRP

16. In case the bids obtained during the sale proceedings are

(a) less by or upto 10 % of the MRP and the bid is found to be reasonable the sale supervising officer can take a decision to accept the lower bid .

(b) less by or upto range of 10-30 % of the MRP and the bid is found to be reasonable the sale supervising officer will refer the issue to the AOC/CO of the depot on the spot of the sale who can take a decision to accept the lower bid . The sale-supervising officer would obtain written approval of the AOC/CO of the depot in writing on an ex-post facto basis within 3 days of completion of the sale .

(c) less by or upto range of 30-50 % of the MRP the sale supervising officer is to obtain the best bids and not give a decision on the sale immediately to the bidders . He is to obtain it in writing from the best bidder that he will hod his bid for next 60 days . He is referring the matter to the AOC/CO of the depot in writing within 3 days of holding the sale . The AOC/CO of the depot is to refer the case to the BOO which has determined the MRP for their inputs . The MRP board

should provide his inputs within 7 days of it being referred to them . Based on the inputs of the BOO the C Lgs O of the depot is to put up his professional assessment whether the lower bid should be accepted or not and put it up to AOC/CO of the depot through LAO/Rep of CDA for approval . The LAO should accord clearance within 5 days of receipt of the case . If the lower bid as compared to the MRP is accepted then the bidder is to be informed accordingly . If the lower bid as compared to the MRP is not accepted then the complete sale proceedings are to be reconvened .

(d) less by 50 % and more of the MRP the sale-supervising officer is to obtain the best bids and not give a decision on the sale immediately to the bidders . He is to obtain it in writing from the best bidder that he will hod his bid for next 60 days . He is referring the matter to the AOC/CO of the depot in writing within 3 days of holding the sale . The AOC/CO of the depot is to refer the case to the BOO which has determined the MRP for their inputs . The MRP board should provide his inputs within 7 days of it being referred to them . Based on the inputs of the BOO the C Lgs O of the depot is to put up his professional assessment whether the lower bid should be accepted or not and put it up to AOC/CO of the depot who with his remarks is to refer the issue to the AOLMs branch at HQs MC if the bid is acceptable . If the lower bid is not acceptable the AOC/CO of the depot is reconvene the sale proceeding without referring the case to HQs MC . AOLMs branch at HQs MC are to submit the case within 5 days of its receipt to JCDA/IFA with their comments for approval of AOC in C HQs MC . The JCDA/IFA should accord clearance/ reject the case within 5 days of receipt of the case . If the lower bid as compared to the MRP is accepted then AOLMs branch at HQs MC is to issue a letter of the authority to the AOC/CO of the depot for the bidder is to be informed accordingly . If the lower bid as compared to the MRP is not accepted then AOLMs branch at HQs MC is to advise the AOC/CO of the depot that the complete sale proceedings are to be reconvened .

Procedure for disposal of salvage

17. Salvages are generally disposed off by: -

(a) Transferring to Army Salvage Depot.

(b) By public auction through regional Govt auctioneer or MSTC .

18. Feasibility of transfer to Army Salvage Depot is to be checked for convenience and whether scrap value would be commensurate with the cost of transportation. Local commanders are to take judicious decision. Commanders have unlimited financial powers for disposal of salvage stores which are not required to be exercised in consultation with LAO/rep of CDA. Salvage required to be disposed off is to be reported to MSTC / Govt auctioneer directly or through Command HQs atleast once a quarter or on accumulation of a substantial lot . The Govt auctioneer/ MSTC would arrange the sale as per normal procedure .

Disposal of scrap from Rocket/Bomb at Air Force Ranges/Demolition grounds.

19. The metallic scrap from various Air Force range/demolition grounds will be disposed off by auctioning the right of collection of scrap by calling tenders through advertisement in leading news papers published under jurisdiction of commands having these range

units/demolition grounds. The tender procedure is laid down in AFO 257/77 as amended from time to time.

CONCLUSION

20. The disposal of salvage and surplus stores is of paramount importance and speedy disposal of these stores will enable depot/units to plan warehouse arrangement in a proper way and will ensure that items, which are no longer required, are not retained.

References: -

1. AFO 257/77.
2. AFO 19/2000.
3. Govt Of India Letter No Air HQ/60281/95/MC-22/1291/US (D (Air-IV)) dt 21 Jul 98.
4. Govt Of India Letter No Air HQ/60281/95/MC-2/2777/US (D (Air-IV)) dt 18 Dec 2000.

SCHEDULE: XVII(L)

SOP FOR ISSUE OF ITEMS ON LOAN

1. **Occasion**: When a need arises to issue items on loan to any agency outside the IAF or for extending the loan period of items already on loan.

2. **Note**: Issue of items on loan contract do not fall in this category. Issue of loan contracts requires no sanction within the validity period of the contract if the terms of issue on loan are as per the contract / order. All issue outside the Air Force not against a contract can be made after approval of CFA if it is required to meet an IAF requirement.

3. **Range**: All Air Force stores. Powers in respect of issue of loans of EW, Armament and secret equipment will be exercised at Air HQ only.

4. **Procedure**: In case the need arises to issue an item on loan the C Lgs O / S Lgs O at the units or for extending the loan period, for a period of less than one year, he is to formulate a case which should bring out the reason and necessity of issue of the item. The case is to be put up to the AOC/CO of the unit who is to accord a written approval based on which the issue is to be effected. After approval a letter of authorizing the loan is to be issued by an officer designated by the CFA. Copy of the letter is to be endorsed to CDA (AF) Dehradoon and LAO. In case the period of loan is likely to exceed one year but less than 2 years the case with complete details is to be submitted to Command HQ or Air HQ (for units directing under Air HQ). At Command HQ approval of AOC-in-C is to be obtained and at Air HQ that of VCAS/AOM. After approval the unit is to be authorized to effect issue. In case the loan period is likely to exceed 2 years the issue is to be referred to Air HQ to take up the case with MoD. IAF units issuing items on loan should ensure safety of the item and incases if required I Bonds or securities could be obtained from the firm.

5. The case is to be referred to the concerned Maintenance Cell at Air HQ and CLMOs at Command HQ for processing and obtaining approval of CFA. Cases can be initiated directly by Command HQ or Air HQ directly.

6. IAF units issuing items on loan are to ensure that they are returned in time & in the condition it is supposed to be returned. SAO at units would maintain loan ledger register (which is not to be duplicated by S Lgs O) and he should advice S Lgs O of return of item at least one month prior to expiry of the loan period.

7. Procedure laid down in Chapter II of IAP 1501 may be followed.

SCHEDULE – XVII (M)

SOP FOR ISSUE OF TECHNICALLY LIFE EXPIRED COMPONENET / ITEM TO GOVT INSTITUTION FOR EDUCATIONAL PURPOSES

1. **Schedule XVII:** This schedule lays down financial powers in respect of gifting of aircraft and systems to Govt educational institutions.

2. **Occasions:** These powers are to be exercised when technically life expired systems are to be gifted to Educational Institution under Govt of India.

3. **Ranges Covered:** The term technically life expired components implies: -

(a) Aircraft complete or its power plant and allied systems
(b) Armament, Missiles
(c) Electronic Warfare Systems (after clearance from Ops and Int branches)
(d) All Radars (ADGES and Non ADGES)
(e) Mechanical Transport (Specialist/Common user)

4. **Agency responsible:** The Jt Dte of MP under the ACAS (MP)

5. **Procedure:** The concerned maintenance cells will forward details of the Total Technical Life (TTL) expired system (as referred in Para 3 sub paras (a) to (e) above to the Jt Dte of Maint Plg (JD MP) along with

(a) Certificate of competent technical authority declaring an item as TTL before processing the case.
(b) Certificate from competent technical authority that all usable components have been retrieved & accounted for and the item to be gifted has no usage value in its original condition.
(c) Financial value (Salvage value) of component to be gifted.

Incase of EW systems the concerned maintenance cell will take the clearance of the Ops and Int directorates before forwarding the details to JD MP.

6. Disposal action in respect of such cases as mentioned above, will not be initiated by the maint cell for a period of one year from the date of intimation to JD MP.

7. On receipt of information on TTL expired systems; the JD MP will register the same. Similarly, all requests from Govt educational Institutions will also be registered with the JD MP, who shall put up these requests to the committee consisting of the following: -

(a) CAS — Chairman
(b) AOM
(c) IFA
(d) ACAS(Sys) — Secy

8. The committee shall approve the requests received and approve the gifting. Once the committee approves the gifting the JD MP shall formalize the same through a note on file an

obtain CFA sanction after obtaining the concurrence of the IFA. There after a letter of authority will be issued to the Educational Institution to whom the system is being gifted on and where it is basis. The transportation charges will be borne by the Borrowing Deptt. The letter of authority will be signed by the ACAS (MP).

9. On receipt of the letter of authority, the unit from where the gifted system is allotted, shall issue the same to educational institution on a IAFF(Q) 431 as **"Free Issue".**

10. Assets that cannot be utilized within a period of one year will be reported back to the concerned weapon cell, who in turn will initiate disposal action.

Schedule XVIII

(WORKS)

STANDARD OPERATING PROCEDURE (SOP)
FOR EXERCISING OF DELEGATED FINANCIAL POWERS

1. The Following Standard Operating Procedures (SOP) will be adopted for exercising of financial powers delegated vide Schedule XVIII Appendix II Part III Air Force of FR-I Vol. II, issue of date ----------read in conjunction with Para 15 of Defence Works Procedures (DWP-86) as amended vide MOD letter No. 3(7)/93/S (Wks), dated 26 Aug 98 and MOD letter No.TO(3)/02-D(Air-II) dated 01 Apr 02.

2. The SOP is to be adopted by the various CFAs while exercising financial powers for Acceptance of Necessity (AON) and issuing Admin Approvals (inclusive of those requiring consultation with the IFAs) as well as Demolition of Buildings. The revised delegated powers of various CFAs are at Appendix.

AIM

3. The aim of the SOP is to lay down guidelines for Command HQs and Dte of AF Works (VB) for exercising the financial powers delegated vide Govt orders referred to in para 1 above.

PREPARATION OF CAPITAL WORKS PLAN (CWP)

4. HQ Commands are to forward draft CWP for the next Financial Year by 01 Dec to Air HQs. MoD (Fin) accord approval to the draft CWP before implementation.

5. At Air HQ, a meeting with SOAs/SASO will be held to finalise and compile the Draft CWP. While formulating CWP the works services are priorities in the following order: -

(a) Over-riding priority is given to Op works.

(b) The works, which are considered necessary as per the policy decision taken by MOD.

(c) The works services considered necessary in consonance with the direction of CAS and other authorities at Air HQ. Minimum 04 projects relating to runway surfacing is to be included in the CWP every year and prioritized as per the priority approved by the AOM branch.

(d) Projects relating to Airfield lighting system are prioritized as per the priority approved by the AOM Branch.

The prioritizations of works services are done as per the suggestion made by the Commands.

The draft CWP will be routed through IFA and AOA before sending to MoD /MoD (Fin).

6. On obtaining approval of AOA, the finalized CWP will be submitted to MOD and MOD (Fin) for approval.

7. CWP as approved by Ministry of Defence will be communicated to the HQ Commands for implementation. Air HQ will also communicate the maximum ceiling upto which works within the approved CWP could be sanctioned during the financial year. It is to be ensured by HQ Commands that only those projects, which are included in CWP, are processed for issuing Administrative Approval (AAS). A copy of CWP will be forwarded to the following:

a. D Air-II/MOD

b. AFA/MOD (Fin)

c. IFA (Air HQs)

d. CDA (AF) Dehradun and

e. JCDA (AF) Nagpur.

Amendment of CWP:

8. All proposals from HQ Commands for amendments are to have the approval of AOC-in-C and comments of IFA will be obtained before sending any case of amendments to CWP to MoD/MoD(Fin). Any addition in the CWP are to be balanced by proposing deletions so that the total cost of approved CWP is not exceeded. Amendments will be put up for approval of MOD and MOD (F).

Finalisation of Board Proceedings (BOOs)

9. The CFA will take action to convene a Board of Officers i.e. Recee-cum-Siting-Cum Costing Board to assess the requirement of work services falling under their delegated powers.

10. The finalized proceedings of BOO once approved by CFAs will be submitted to IFA for obtaining concurrence from AON angle. Once Acceptance of Necessity is approved by CFA with concurrence of IFA, it is to be forwarded to Zonal Chief Engineers for preparation of Approximate Estimates (AEs).

Inclusion of project in CWP is an indication of priority requirement of the project since individual works details are not gone into at this stage. IFAs can question the necessity of the works, which are intended to be carried out. Complete information as to acceptance of necessity such as scales, deficiencies, operational requirements if any along with all supporting documents are to be submitted to IFA for comprehensive scrutiny notwithstanding the fact that the same has been included in C.W.P. In Air Force, acceptance of necessity and administrative approval will be done in two distinct stages, obtaining the concurrence of IFA /CDA(AF) where the same is **with financial concurrence**.

11. **Acceptance of Necessity Stage**: It refers to approval in principle of the CFA and concurrence of IFA to the proposed work or service. At the stage of AON incase of proposals for major works among other things, **an indication of the cost**, supported by an **engineer appreciation** will be submitted to IFA for concurrence and CFA for approval. In case of proposals for minor works, a rough cost along with a brief note explaining the scope of work.

An indication of cost is required for submission to the **CFA and IFA** to accept the necessity for a service / work. It is based on plinth area, or, other rates for a particular type of construction with percentage of total cost added for accessory services. A rough

cost is empirical in nature and is given on a "not exceeding basis" the object being merely to determine the CFA and IFA.

The **CFA and IFA** will examine each proposal as to

i. **The necessity of the service.**

ii. **Whether it is accordance with Government Policy.**

iii. **Whether it agrees with sanctioned scales**

iv. **Its urgency**

12. **Administrative Approval Stage**: It refers to concurrence by IFA and approval by CFA to the execution of a work / service at a stated cost. If the necessity for a major work is accepted, an approximate estimate will be prepared by engineering authorities for the purpose of administrative approval items of special work, if any will be specified and their necessity explained.

Approximate estimate will be based on plinth area, cube, or unit rates for any similar works carried out. Approximate costs may be given for such items of work, details of which are not fully known at the time of preparation of the estimate or for items for which no previous rates exist.

Engineering authorities who prepare AE will be responsible that it is as accurate as possible in the circumstances. This approximate estimate will be vetted by regional CDA.

13. Where the approximate estimate exceed by more than **10%** of the amount for which necessity was accepted, revised acceptance of necessity by **IFA and CFA** will be necessary. This tolerance limit is however **not intended to cover any additional requirements of users, or, to enrich the specifications already sanctioned**.

Administrative approval is then accorded by IFA and CFA to the execution of the work / service **at the cost shown in approximate estimate.**

Administrative approval will be conveyed by a letter specifying the **source** from which funds will be provided. It will also state whether work is **authorized or special**, if authorized the authority will be quoted, along with **UO no. and date of IFA / CDA** and if special, reasons for approval will be stated except where the GOI is the CFA.

14. Engineering authorities **will not be required to prepare approximate estimates until the necessity for a work has been accepted by IFA and CFA, nor to prepare detailed designing and specifications until administrative approval has been accorded.**

If approved work is not commenced **within five years** of the date of administrative approval, fresh approval from CFA and IFA must be obtained.

If changes or additions become necessary through revision of scales or establishments or on other administrative reasons, a **supplementary estimate** will be prepared and administrative approval accorded by **IFA and CFA** competent to accord administrative approval to entire work. **(Including both original and supplementary estimates)** CFA will certify that supplementary estimate has been necessited by purely administer by purely administrative reasons.

Where it is anticipated that due to technical reasons, the expenditure is likely to exceed authorized limits, a revised estimate will be prepared and revised administrative approval obtained with prior concurrence of **IFA and approval of CFA.**

Preparation of Acceptance of Necessity (AON) and Approximate Estimates (AEs) and issuance of Admin Approvals (AA)

15. **Projects Costing Rs.120 lakhs to Rs.1000 lakhs.**

The sanction of various works will go through the following stages: -

(a) Inclusion of project in approved C.W.P.

(b) Preparation of AEs by CE and technical vetting of the same by the C-in-Cs Branch and vetting by concerned regional CDA in whose area the work to be executed falls.

(c) Issue of AAs by appropriate CFA with concurrence of IFA.

These steps are in consonance with MOD letter No. 10(S)/02/D (Air-II) dated 01 Apr 2002.

Check list to be observed by CFAs:

16. While issuing the AON and AA, the CFA will ensure the following:

a. The project has been included in the current year CWP.

b. AEs have been scrutinized by the competent Engineering Authority and vetted by concerned regional CDA in whose area the work to be executed fall and thereafter IFA 's concurrence has been obtained.

c. The Board Proceedings have the approval of the CFA.

d. The proposal has been concurred by the IFA and approved by CFA from Acceptance of Necessity angle.

e. The funds for the purpose are available.

f. The correct budgetary Code Head is indicated in the sanction letter.

g. UO no. and date of IFA is to be prominently indicated in A.A.

17. **Head of Account**: The AAs will indicate among other things the amount, the Budget Head from which funds will be provided for the work. For AF works the Budget Head is 4078 Capital Outlay, Sub Major Head 03-Air Force Minor Head 202-Construction Works, Detailed Head 917/34 (New Capital Works).

18. Ink signed copies of AA together with copy of vetted approximate estimate will be sent to the following: -

a. IFA concerned

b. Command Regional CDA

c. Command Engineering Authority

d. Concerned CDA within whose accounting circle the work is being executed.

Special works:

19. Special works are those services not categorized as Authorised Works and do not fall under CWP. These may be approved with IFA's prior concurrence as per delegated financial powers at Appendix, when: -

    a. Exceptional local conditions justify the necessity

    b. As an important experimental measure

    c. Special work should not be approved if the effect would introduce a new practice or change of scales.

    d. Where no scales have so far been laid down and there are no orders prohibiting the undertaking of these works. CFA with the concurrence of IFA may within their competence sanction works if it is customary or technically essential to provide the same.

The CFAs and IFAs while sanctioning Special Works should ensure that such a sanction does not set precedent. The certificate as per the format given below is to be rendered for the purpose.

20. In determining the CFA and IFA in a case where the project includes both the authorized and special item of work, the criterion shall not be the financial powers for the normal items of work alone. In such a case therefore if the estimated cost of the total of the special items of works exceeds the financial powers of the CFA and IFA for those items the administrative approval shall be issued by the CFA and IFA under whose powers the special items falls.

CERTIFICATE

It is certified that the Special Works as mentioned in the work will not create a precedent for future works.

Command Works Officer

Release of Works

21. Once Admin Approvals have been issued, the work is released and allotment of funds will be made as follows: -

    a. Upto 31 Dec, 10% of the cost of the project will be allotted to new works in the CWP.

    b. After 31 Dec only token amount will be allotted.

    c. In respect of external service procedure as envisaged in Para 298 RMES will be followed

22. The expenditure against allotment will be watched by the Command HQr. The IFAs and Regional CsDA functioning, as IFA will also monitor this aspect by maintaining a register for keeping records of works approved and funds released for the same during the first financial year. This will be ensured neither the overall upper ceiling fixed for enhancement exceeds, nor the funds for these new works released during the first financial year are beyond the allocations made for new works. Register keeping the records of works approved and funds released for the same during the first financial year will be made by the Dte. of AF Works.

Copy of the release letter will be sent to CDA (AF) Dehradun /JCDA (AF) Nagpur. Control on expenditure against allotment is exercised by Regional CsDA / MES.

23. The existing procedure for acceptance of tenders, conclusion of contract, issue of amendment and deviation orders etc. and also appropriation of funds will remain unchanged.

24. The scrutiny of tender documents by audit or by CDA/IFA, prior to acceptance is not necessary. **Wherever possible, the advice of IFA / CDA will be taken before a tender of an unusual nature is accepted, such as lowest tender, found invalid, or, withdrawn for any reasons.**

25. No expenditure of liability is to be incurred until funds are available except when the provisions of Paras 10, 11 and 12 of Defence Works Procedure 1986 (DWP-86) are invoked. The procedure in vogue for works ordered under paras 10, 11 and 12 of Defence Works Procedure 1986 will also remain unchanged.

TECHNICAL SANCTION.

26. After issue of AA ands release of funds, the competent Engineering Authorities as per the existing procedures will issue technical sanction and copies of technical sanction accompanied by costed schedule of projects or sub projects will be forwarded in all cases to concerned CDA/IFA.

27. The financial powers as laid down vide Appendix will be exercised by CFAs in consultation with the IFAs.

28. The book value of each building (including subsidiary building) will be taken separately and not the total book value of all the building in a demolition statement in order to determine the authority competent to sanction its demolition.

SCHEDULE – XIX

PROCEDURE FOR IMPLEMENTATION OF INFORMATION TECHNOLOGY PROJECTS AND PROCUREMENT OF INFORMATION TECHNOLOGY STORES

Introduction.

1. Information Technology (IT) has been identified as the single greatest enabler to propel the country in the new millennium. Accepting the potential of Information Technology in the Air Force, the Govt of India has given a special thrust to facilitate IT penetration down to the lowest levels of the Air Force hierarchy. Due to the peculiarities of IT which make it distinct from any other technology, a need was felt to setup a new budget head "Major Head 2078, Minor Head 110 (i) stores detailed head 754" exclusively for IT in the Indian Air Force in 1999. This was done with the primary aim to speed up and streamline the process of automation in the Air Force and also specifically address the peculiar nature of IT characterized by rapid obsolescence and the need to procure services and not only products. Financial powers to execute the IT related projects up to Rs fifty lakhs were delegated to the Air Force. The financial powers have since been revised by Government of India, Ministry of Defence vide Schedule XIX to FR Part I and the same are placed at Appendix – 'A'. These financial powers are to be exercised for all IT projects and procurements so as to achieve synergy. **Units/Dtes are not to undertake projects individually under any other code head.** The financial powers laid down are powers for a single transaction and are limited by the amount of funds that are available. IFA/CsDA will be advisors to the various CFAs as designated by CGDA from time to time.

2. In the light of the experience gained in the last three financial years, enhanced need to streamline the procedures and obviate the problems that have been faced in actual implementation, a necessity to devise the procedure for IT procurements was felt. This SOP therefore lays down detailed instructions for execution of IT projects and purchase of IT related items under the delegated financial powers of subordinate formations/establishments.

Aim.

3. To lay down Standard Operating Procedure (SOP) for implementation of IT projects and effecting purchases of IT related products under the delegated financial powers.

General Guidelines

4. The financial powers for IT have been delegated to the CFAs under two heads viz; powers in consultation with IFAs/CsDA and powers without consultation of IFAs/CsDA. The implication of these two heads are as under:-

(a) **Powers in Consultation with IFA/CDA.** All procurements under this head will be effected after prior concurrence of the appropriate IFA/CDA. This implies that the IFA/CDA will be associated at the following stages:-

(i) Acceptance of necessity including technical specification.

(ii) Determining the mode of tendering.

(iii) Selection of vendors in limited tender enquiry.

(iv) Vetting of financial terms and conditions of the draft tenders.

(v) Opening of tender/Quotations.

(vi) Evaluation of **techno-commercial bids** inTEC in case of two-bid system.

(vii) Opening of only technically and commercially acceptable **price bids**. Vetting of commercial bids and comparative statement of quotations (CSQ). CSQ will be prepared and authenticated by the IAF authorities, which will be vetted by IFA before the same is put up to TPC.

(viii) Tender Purchase Committee (TPC) stage. & PNC wherever applicable.

(ix) Vetting of draft supply order by IFA before the TPC report is put up to CFA for sanction of the purchase.

(x) Post contractual monitoring of terms and conditions of the supply order such as delivery period (DP extension), waiving of liquidity damages / security deposits, risk purchase, issue of corrigendum to the supply orders etc.

(xi) Exercising of option clause / repeat order.

(b) **Powers without Consultation of IFA/CDA.** Proposal under this head will be effected with the CFA's sanction, following the laid down stages/procedure as above except that the IFA/CDA's concurrence is not required to be taken.

5. The seven sub heads under which expenditure may be effected out of budget head IT, major head 2078, minor head 110 (i) stores detailed head 754 are as under:-

(a) Purchase of computers systems. - (Schedule XIX) A1

(b) Purchase of system software and application software. (Schedule XIX) A2

(c) Access networks and media connectivity including associated hardware and software. (Schedule XIX) A3

(d) Software development, technical consultancy for IT projects, and IT training. (Schedule XIX) A4

(e) Purchase of computer peripherals and accessories. (Schedule XIX) A5

(f) Purchase of computer stationery and consumables. (Schedule XIX) A6

(g) Repair and maintenance of computer systems. (Schedule XIX B1 to B3)

6. The guidelines wrt the items/systems that can be procured out of each of the above heads are placed at Appendix 'B'. The list of items that has been given is representative and is not exhaustive. Specifications given in the attached sample documents are only to explain how things are to be written and are not binding wrt to technical specifications of items. Technical specifications should confirm to the user requirements and take due consideration of the rapid advancement and obsolescence in

the field of IT making it mandatory for hardware and software at the time of procurement to match the day's technology with provision for interoperability and upgrades. All authorities keeping the spirit of SOP and cannons of financial propriety in mind may intelligently interpret the guidelines. In case of specific need for clarification/ amplification, reference may be made to Dte of Information Technology, Air HQ.

Annual IT Budgetary Plan (AITBP).

7. The AITBP covering all major IT projects and procurements including carryover, maintenance etc. will be prepared and forwarded by commands after in-principle approval of the CFA (AOC-in-C) to DIT Air HQ by 01 Nov of every year. Training establishments, AOC J&K and MAO will also forwarded their proposals through their controlling Commands. The DIT in-turn will obtain in-principle approval of the VCAS and project requirement of funds to D Fin P for budgeting of funds for the next financial year. The proposals of the commands will be in the form of schedule (list) of various projects for commands/wings/units under respective CFAs. This would constitute "in principle" acceptance of need and should not be considered as approval from the necessity angle since IFA is not involved in this activity. Based on this DIT will make a priortisation plan. The prioritization plan will be sent to commands and the respective IFAs by Feb end of each year.

8. The schedule should not be confined to the likely budget, but it should contain a comprehensive list of all projects operationally required and whose priority could be periodically revised as per operating needs. This is to ensure that projects have been conceived in advance in case of additional allocation of funds at the Revised Estimates (RE) stage of the budget are made. The time for completion of all IT projects should be realistically worked out.

Submission of Project Proposals

9. The respective CFAs will duly approve the proposals from necessity angle with or without consultation of IFAs as applicable. IT projects relating to subordinate formations/units will be consolidated by respective Command HQ. Projects relating to the requirements of various branches/directorates at Air HQ will be vetted and consolidated by the respective branch heads.

Budgetary Control.

10. The requirement of funds can be classified for two major activities: -

(a) Funds for undertaking projects as per Schedule XIX A1 to A4.

(b) Purchase of computer peripherals, stationery/consumables, repair and maintenance of the computer systems as per Schedule XIX A5, A6, B1 to B3.

11. (a) Wing/Station EDP Sections will project consolidated requirement of funds to their accounts sections through Logistics Sections and in parallel to Command EDP sections for all lodger units to whom logistics support is being provided by the Wing/Station/Logistics Sections. This requirement of funds will be for para 11 (b) above.

(b) Command HQ (Command EDP) will have requirement of funds for undertaking projects as per Schedule XIX A1 to A4 in addition to A5, A6 and B1

to B3. Command EDP Sections should consolidate requirement of funds as follows: -

(i) Requirement of funds for undertaking projects as per Schedule XIX A1 to A4.

(ii) Requirement of funds (consolidated for all stations/wings) for procurement, repair and maintenance as per Schedule XIX A5, A6, B1 to B4.

(c) Command EDP sections will project consolidated requirement of funds after in-principle approval of CFA (AOC-in-C) to their Command Accounts sections and Air HQ (DIT) as per sub para (b) above.

(d) Command Accounts section will demand funds (754/01) from D Fin P, Air HQ as per existing procedure. D Fin P (Air HQ) will allot funds to commands with due consideration of intimation by DIT of the in-principle approval of the VCAS mentioned at para 7 above.

(e) On receipt of funds from Air HQ, Command Accounts section will intimate Command EDP section regarding the same. Command EDP section will recommend allocation of funds for various wings/stations and projects to Command Accounts section. Command Account section will allocate funds to various wings/stations and projects and intimate the same to wings/stations account sections, Command EDP and CLMO section.

(f) Funds for projects at Commands and Training establishments will be allotted to wings/stations providing accounting services (account section) since payment will be released by Command EDP sections /Training establishments. Funds at Air HQ will be allotted to DIT.

Initiation of IT Projects

12. The end user will initiate all IT projects approved in the finalized AITBP. For projects to be executed under the powers of VCAS/ACAS (IT) the detailed case shall be forwarded by the sponsoring organization so as to enable Dte of Info Tech to progress the case for its sanction. For projects within the powers of the other CFAs, a comprehensive case will be prepared and processed with the respective CFAs. In all cases where the project involves networking, the user will also invariably indicate the manner of administration of all IT resources. Some of the important aspects to be included in the SOC are: -

(a) Present system.

(b) Existing resources and their usage.

(c) Proposed system including upgradation if any, with broad system architecture.

(d) Benefits likely to accrue.

(e) Outputs desired from the system.

(f) In case of networking project, proposed network architecture with inter-se distance of nodes.

(g) Software required to be developed/procured/upgraded.

(h) Feasibility of buy back provisions.

(i) The requirement of system study and analysis through vendor for complex projects, if necessary.

(j) Requirement of training for users in a particular project is to be clearly specified.

Technical Examination and Approval

13. The Director IT will carry out technical vetting of SOCs of the projects referred to Air HQ for VCAS / ACAS(IT) sanction. All such cases will be forwarded to the DIT, Air HQ through Command EDP/Controlling Directorate. All projects other than those referred to Air HQ for sanction will be vetted as well as coordinated between EDP Section and CSO (Air) before approval by the CFA. At training establishments these will be coordinated between the local EDPO and C Eng O.

Preparation of Schedule of Requirement (SOR)

14. Schedule of requirement will be prepared after technical examination of the SOCs. SOR will be as per Appendix 'C'. The following points must be adhered to while preparing the SOR:-

(a) Technical details must be complete in all respects. Modifications are authorized at the time of tender enquiry to cater upgrades and obsolescence.

(b) The pricing should be either based on last procurement price (LPP) or budgetary quote considering the present trend in the market.

(c) Procurements that require to be covered by an AMC and whether the AMC cost will be included while evaluating the project cost should be clearly stated in the tender enquiry. **As a general rule, AMC cost will not be included to evaluate the overall project cost.**

Concurrence of IFA/CDA

15. A self-contained note on file will be forwarded to the IFA for according concurrence after duly obtaining recommendation of penultimate CFA. IFA/CDA may accord concurrence (acceptance of necessity and vetting of the draft tender and list of vendors in LTE) to the SOC within reasonable period of 2-3 weeks after receipt of the proposal. All observations on a case may be raised once to avoid piecemeal observations resulting in delays for approval of the cases.

Approval of the CFA

16. The CFA after concurrence of IFA/CDA may accord his approval to the project from necessity angle. After obtaining CFA sanction the SOR will be allotted a SOR serial No. A register will be maintained for allotting SOR Sl Number against each CFA sanction. This SOR number has to be quoted in supply order and SO No has to be quoted against each indent, so as to monitor the progress of indent.

17. **Processing of Cases within Financial Powers of CFA at Commands and Training establishments** IT projects which are within the financial powers of the CFAs at Commands and Training establishments will be processed by the respective EDP Section for approval of the CFA with the concurrence of IFA/CDA. CLMO section at each Command HQ will co-opt one logistics officer for undertaking necessity angle

approval, tender activities, supply order and post contractual obligations, involved in IT projects and Logistics sections at other formations will undertake this functions.

18. **Processing of Cases beyond the Financial Powers of the CFAs at Training establishments for Sanction of the VCAS.** IT projects which are beyond the financial powers of the CFAs at Commands, but within the financial powers of VCAS shall be processed by the DIT for approval of the VCAS with the concurrence of IFA (Air Force). DIT will issue the vetted supply order and carryout subsequent project implementation and monitoring through the end user.

19. **Tender.** Tender is the basic document, which lays down project parameters, and it acts as the reference document for the vendor as well as the user. Due care will therefore be taken in preparing the document. **The tender will be signed only by an officer authorized by the CFA to do so.** The associated legal authorities may vet and affect any material alterations/changes in the tender document involving legal implications. Draft tender enquiry will be vetted by IFA before issue.

20. **Tender Preparation. The bids** in the **tender will invariably be asked in two separate parts simultaneously viz. techno-commercial and price bids**, barring exceptional cases where the nature of the procurement does not require any technical evaluation. Both these bids will be asked in separate sealed envelopes. Payment term will form part of **techno-commercial bids** along with other commercial terms except **price.** Sample tender document is placed at Appendix 'D'. Depending upon the nature of IT project, tender to suitable vendors from the approved vendor list will be issued. Approved vender list should be drawn up in consultation with IFA. The vendor list should be annexed with the draft tender enquiry so that the same can be vetted by the IFA simultaneously. Various aspects such as nature and size of project vis-à-vis vendor capabilities, customer service support, regional presence of vendor depending upon location of project, past performance of the vendor etc will be kept in mind while selecting vendors for a particular tender.

21. **SECURITY DEPOSIT:- Every Contractor shall deposit security deposit** at the rate of 5% (five percent) of the total value of each contract they secure before or **within 20 days of the receipt of acceptance** of tender along with acknowledgement copy of Supply Order, failing which the Purchaser may cancel the contract and invoke where such other remedies as may be open to the purchaser including Contractor's deregistration.

In case of risk purchase, if the quotation of the defaulting firm happens to be lowest and technically acceptable, they will be required to furnish security deposit equivalent to the difference between his quotation and the next best technically acceptable quotation or 10%(10 percent) of the proposed contract value whichever is more in any of the forms specified below within 15 days of the intimation to them for admission of the said security transit failing which their offer will be ignored and placement of the contract on the next best offer will be considered.

The security deposit would be in any of following approved forms **in favour of CDA(AF), New Delhi / JCDA (AF), 2nd Floor, NS Building, Civil Lines, Nagpur - 440001** and should be valid during the currency of contract unless otherwise specified. Government securities issued by the Government of India or any of the States in the Union of India shall be accepted at 5% below the market price or the face value, whichever is less. All securities shall be pledged to the President of India. No claim shall

lie against the purchase either in respect of interest if any, due on security deposits or depreciation in value.

(a) Bank Deposit Receipts or Fixed deposit receipts or Demand Drafts of any of the scheduled commercial banks.

(b) Treasury Receipts.

(c) Government Promissory Notes and stock certificates of the Central Govt.or State Govt.

(d) National Saving certificates, Post Office Cash Certificates, Post Office Savings Bank Pass Books and Kisan Vikas Patra.

(e) Bonds / Security Certificates issued by and under the authority of Central / State Government.

(f) Bank guarantees from any nationalized bank for a total period of more than 06 months from expiry of DP.

No claims shall lie against the purchaser either in respect of interest or any depreciation in value of any security. In case of bank deposit receipt the purchaser shall not be responsible for any loss that may result on account of failure of such bank.

If the Contractor fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the purchaser to forfeit either in whole or in part, the security deposit furnished by the Contractor. Save as aforesaid, if the contractor duly performs and completes the contract in all respect and presents absolute **"NO DEMAND CERTIFICATE "** in the prescribed form and returns in good conditions, the specifications, drawing and samples or other property belonging to the purchaser, the Purchaser shall refund the security deposit to the contractor after deducting all costs and other expenses that the purchaser may have incurred and all does and other moneys including all losses and damages which the purchaser is entitled to recover from the Contractor. **Security deposit can be waived by CFA with prior concurrence of IFA/CDA duly recording adequate reasons in case of reputed and reliable firms, registered with NSIC, DGS&D, and DRDO etc.The requirement of S.D will be stipulated in T.E. and S.O.**

22. **Paying Authority**: - AF Account Branch.

22A) **Audit of Sanction:- All sanctions/supply orders/ minutes of TPC/PNC with or without concurrence will be subject to audit of sanctions by CDA (AF)//JCDA (AF).. All relevant files including supply order, CST, original Quotations and Concurrence note of IFA, where applicable will be made available by executive authorities to CDA (AF)/JCDA (AF) for audit of sanctions. Ink signed copies of all sanctions/ SO will be endorsed to CDA (AF)/JCDA (AF).**

23. **Payments Terms.** The payments should be well spread over the complete implementation cycle of the project/procurement, such as delivery of hardware and its acceptance, setting up of network, complete integration etc. In case of application software projects and consultancy, the payment may be linked to the various stages of software development such as acceptance of Software Requirement Specifications (SRS), System Design Documents (SDD), testing etc. Payment term will form part of **techno-**

commercial bids, which will be deliberated during **techno-commercial evaluation in TEC, which will be attended amongst others IFA/CDA.** The suggested guidelines for this are given below. The same can be suitably adapted based on the nature of specific project: -

(a) Hardware, Software and Networking Components and Training

(i) Up to **50%** of the total cost (less cost of training) of the order on delivery & acceptance of the hardware, software and networking components at the place of delivery.

(ii) Up to **40%** of the total cost (less cost of training) of the order on installation of the systems at various user locations by the vendor's representative and acceptance of complete system encompassing LAN and WAN by Air HQ/Command.

(iii) **10%** of the total cost of the order against bank guaranty from any nationalised bank (valid for thirteen months) for performance during warranty period, from the date of acceptance of systems by the user for a period of 12 months to be pledged in favour of CDA/IFA.

(iv) Cost of training (100%) will be paid on issue of satisfactory certificate by the end user.

(b) System Study

(i) Upto 50% on completion and acceptance of OCD.

(ii) Upto 50% on completion and acceptance of SSS, IRS, networking architechure and draft RFP.

(c) Application Software

(iii) Upto 25% of the cost of application software on completion and sign off of the SRS document.

(iv) Upto 25% of the cost of application software on completion and sign off of the system design document.

(v) Upto 25% of the cost of application software on tersting and acceptance of the software.

(vi) Upto 25% of the cost of application software on completion of successful installation and training.

(d) Hardware, Software, Peripherals and Networking Components (without installation)

(i) In case installation is not required up to **90%** of the total cost of the order after delivery, inspection & acceptance of the hardware, software, peripherals and networking components at the place of delivery.

(ii) **10%** of the total cost of the order against bank guaranty (valid for thirteen months) for performance during warranty period, from the date of acceptance of systems by the user.

(e) AMC 100% payment may be made every quarter after on receipt of satisfactory services.

24. **Limited Tendering.** Due to the peculiar requirements in the IT field and vast proliferation of all types of vendors and suppliers, often supply of locally assembled products is quite likely. Moreover, technical capability and expertise of the vendors is a very important aspect that must be objectively considered for any IT project. Resorting to limited tendering to short-listed vendors of repute, while ensuring adequate competition, is therefore essential to get the requisite quality. Hence, tenders may be invited only from vendors from an approved list of vendors at each HQ/Formation/Units, keeping in view the requirements of adequate competition and transparency. List of venders to whom tender enquiry is proposed to be issued must be appended with the draft tender enquiry while obtaining IFAs concurrence and CFA sanction from necessity angle. A presentation / briefing of the vendors must be held to explain ;the scope of the project after issue of tender enquiry involving schedule XIX A1, A2, A3, A4 and AMC under B3. This activity must be undertaken on same day at the same time for all vendors so that all vendors are on equal platform regarding our requirements and their understanding of the subject projects.

25. **Vendors Lists.** A list of approved vendors will be maintained and updated by all the CFA on regular basis. The vendors should be classified for different services offered like turnkey solutions, software development, consultancy, networking, system integration etc. The vendor list will be updated and enlarged from time to time based on interaction with the Ministry of Information Technology, industry organizations such as **CII, MAIT, NASSCOM** etc. and through pre-qualification exercises. **List of approved vendors by all CFAs will be** forwarded to Dte of **IT, Air HQ** for record once every year by 01 May. Advertisement in national dailies will be issued to register vendors latest by 30 Sep every year. Vendors already registered with Army, Navy, DRDO, Ordnance Factories and other Defence Departments / PSUs and DGS&D will automatically be considered for inclusion in list of registered vendors.

26. **Situations Reducing to Single Vendor Case after TEC Evaluation.** A single vendor situation may result after tendering if only a single vendor responds to a tender or the bids of other vendors have been rejected by the TEC. In all such cases, re-tendering will normally be resorted to. This amounts to Single tender as per Rule 21 of DFPR

27. **Proprietary Items.** A number of IT products are of proprietary in nature. Procurement of proprietary items may be resorted to with prior concurrence of IFA/CDA based on furnishing of such certificate by the head of formation/unit/directorate initiating the proposal and it will be regulated w.r.t SOP on PAC issued . In the case of expansion or replacement of existing in-use hardware to increase the capacity of software features, procurement from the original supplier or OEM may have to be resorted to on a single vendor basis for ensuring compatibility. The statement of case should clearly state this aspect. Care should be taken to include this aspect in the original contract for such items of hardware and software, which may require an upgradation on a later date so that the same is binding on the vendor. However this should not prevent us from approaching other vendors subsequently in consultation with IFA where applicable.

28. **Techno-commercial Evaluation of Bids.**

(a) IT procurements can vary from procurement of peripherals and consumables, simple standalone systems, commercial software to complex systems, networks, consultancies and application software. TEC evaluation would be mandatory for all projects / procurements unless exempted specifically in this

SOP. Wherever technical evaluation is to be carried out, a Technical Evaluation Committee (TEC) will be constituted.

(b) Evaluation should, as far as possible be done against laid down qualitative requirements in the tender enquiry. This would enable evaluation of all products or systems on a common platform and level playing field and will ensure maximum competition. The equipment can also be called for demonstration on **"no cost-no commitment"** basis. Any offer by vendors of higher specifications than laid down in the tender enquiry may be accepted. **In case of application software and consultancies, the vendors may also be asked for a presentation by the TEC to evaluate** the understanding of the system and the software practices to be followed by them.

(c) Technical evaluation must ensure that all systems quoted are as per the tender specifications and the solutions offered are complete in all respects and that all vendors are brought on par. The TEC should only classify offers of various vendors as technically acceptable or unacceptable giving reasons for the same.

(d) Wherever any additional equipment, software etc over and above that specified in the tender document is considered necessary by the TEC for a complete solution, the same will be clearly recommended by the TEC in its report. The TEC may seek clarifications from vendors if so required.

(e) The TEC report should bring all the tenderers "on par", to help the CFA in clearly identifying the products and services likely to be procured from any of the selected vendors. **The idea is that price alone is the criterion once the TEC clearance is given to determine the award of the tender.** The TEC report will be approved by the CFA or an officer nominated by him before **price** bids can be opened.

(f) Payment terms and all other commercial terms except price will be decided in TEC.

29. **Technical Evaluation Committee.** A designated Technical Evaluation Committee (TEC) will open all **techno-commercial bids** received from vendors and evaluate all the proposals. However, technical evaluation for computer stationery/consumables/ standard peripherals and ancillaries can be dispensed with the approval of the CFA and IFA This exemption may be obtained at the time of necessity angle/prior to placement of supply order. The **composition** of the TEC will be as under:-

(a)	Officer of the rank Sqn Ldr or above with sound IT background.	-	Chairman*
(b)	One officer from user organization with adequate knowledge of the project.	-	Member*
(c)	One officer with sound IT background.	-	Member*
(d)	Representatives of Directorate of Signal/ CSO (Air)/SE (L).	-	Member*
(e)	Rep if IFA	-	Finance Member

30. **Time-frame for submission of TEC report.** The TEC will be a time bound committee. Director IT, Air HQ/Command EDP/Training establishment EDPO shall specify the date for submission of the report by the TEC.

31. **Revised Price Bids.** Revised price bids may be asked from all the vendors when the TEC has recommended any addtionalities or reduction which may have commercial implications. Revised price bids may also be asked for when a considerable delay has occurred since the submission of the price bids or when downward trend in price of products is evident. Prior concurrence of the CDA/IFA will be taken for revised price bids in cases where procurements are to be effected in consultation with the CDA/IFA.

32. **Tender Purchase Committees (TPC).** Tender purchase committees will be constituted by the CFAs for all IT projects in excess of Rs one lakh. Sanction may be accorded by the CFA from acceptance of necessity angle where concurrence of the IFA is not required, however for expenditure angle, sanction TPC will be constituted for all IT projects in excess of Rs one lakh. The price bids of vendors which are **techno-commercially considered acceptable as per recommendations of TEC** will only be considered. The minutes of TEC will be maintained duly recording reasons for rejection /acceptance which will be signed by all members including CDA/IFA or Rep of IFA. These vendors will all be considered to be on par. Nominated BOO including Rep of IFA will open the technically acceptable commercial bids on the date and time specified in the presence of vendors who wish to be present at the time of opening of commercial bids. Signature of vendors will be obtained for having opened sealed quotes in their presence. Late tenders are not to be accepted/opened after the specified time. In absences of enough competition the date of opening may be got extended with the concurrence of IFA and approval of CFA but without opening the commercial bids. Extension of opening of bids will be communicates to all venders by FAX/Regd Post. The officer signing the tender enquiry will put up commercial bids to the TPC with vetted Comparative Statement of Quotations (CSQ).CST will be vetted by IFA/CDA before it is put up to TPC. TPC will satisfy itself with the CSQ and may negotiate prices with lowest bidder wherever necessary. TPC will thereafter make its recommendations to the CFA for approval after due concurrence of the IFA/CFA. All proceedings of the TPC meetings will be fully documented in detail. Adequate notice will be given to the IFA/designated CDA for detailing representatives for the TPC. In order to avoid unnecessary movement of TPC representatives and the files, TPCs for several proposals can be clubbed and considered on a specified day at a time and location convenient to all. **TPC is to be constituted for all procurements above Rs 01 Lac.** All proposals under consideration with TPC on a particular day will be considered separately and will not be clubbed for the purpose of deciding the CFA. The CFAs are enjoined to decide periodicity of such meetings in consultation with their IFAs. Typical composition of a TPC/PNC shall be as given below:-

(a)	An officer nominated by the CFA (depending upon the overall cost of the project).	-	Chairman
(b)	Rep of CDA/IFA. (An officer of the level of Dy IFA/ACADA/DCDA/JCDA)	-	Member Finance
(c)	One officer from user organization with adequate knowledge of the project.	-	Member
(d)	One officer with sound IT background	-	Member
(e)	One logistics officer	-	Member

33. **Financial Limits for Chairman of TPC/PNC.** TPC/PNC shall be chaired by the officers as per the financial limits laid down as given below :-

Chairman	Amount	Rep of IFA/CDA

(a)	ACAS (IT) and upto	above Rs 100 lakhs Rs 200 lakhs	Rep of IFA/CDA will be DCDA/JCDA/Dy IFA)
(b)	Air Cmde/ Gp Capt	upto to Rs 100 lakhs	(Rep of IFA/CDA will be LAO/ACDA/DCDA/Dy IFA).

34. **Time Frame for submission of TPC Report.** The negotiations by TPC will also be time bound . The CFA shall specify the date for submission of the report by the TPC at the time of its constitution. The minutes of TPC/PNC will be signed by all members of TPC including IFA/Rep. of IFA duly recording financial advice if any rendered. The chairman of TPC/PNC will sign on the opening page indicating total number of pages and each page will be initialled by secretary TPC/PNC.

35. **Sanction of the CFA.** Concurrence of the CsDA/IFA or their authorized representatives will be obtained on file including vetting of the supply order where projects are to be executed in consultation with the CDA/IFA after completion of TPC/PNC if constituted. Such concurrence shall be given preferably within **fifteen working days.** The IFA/CDA should indicate the U.O. No. and date of their office on the draft supply order and this will be prominently shown in the final supply order to be issued. A sample copy of draft supply order is placed at Appendix 'E'. The supply order shall be signed by an officer authorized by the CFA and specimen signature will be sent to paying agency on change of the CFA and change of officer performing the duties. The TPC report shall thereafter be approved for sanction of procurement proposal by the CFA under whose financial power the project is being executed. The formal sanction of the CFA will clearly specify the name of the firm and the final price for the project and UO No. and date of IFA/CDA. The sanction will be signed by an officer authorised by the CFA. Sample copy of sanction is placed at Appendix 'F'.

36. **Cases where Project cost exceeds the Financial Powers of the CFA at the TPC Stage.** Cases where the project cost exceeds the financial powers of the CFA, who had approved the proposal from neccesity angle, the complete case file with recommendations of the CFA, who had approved the proposal from neccesity angle, alonwith views of local IFA will be forwarded to appropriate CFA within whose powers the procurement can be effected. No PNC will be conducted without the prior approval of appropriate CFA. Concurrence of the IFA/CDA will be obtained before sanction of the appropriate CFA. The reasons for the project cost having exceeded the planned cost should clearly be indicated in such cases alonwith views of local IFA. In all such cases, the CFA will also issue specific directions in regards to PNC retendering if any responsibilities for project implementation and also the methodology for processing payments. The CFA and IFA are not bound to accept recommendations of the CFA and IFA who had approved the proposal from neccesity angle,CFA.

37. **Supply Order.** Supply order will be placed on the vendor, as approved by the CFA after vetting of the same by CDA/IFA on the recommendations of TPC. **An officer authorized by the CFA shall sign the supply order.** The supply order will include all terms and conditions that affect the execution of the project like **brand/make/model of each equipment and cost** of each item. Ink signed copy of Supply Order endorsed to IFA/CDA at the time of placement of S.O. A register will be maintained for keeping all details of supply orders. All supply orders to be placed should be allotted a serial number e.g for supply order No.1 the number will be No.0001/DIT/2002. The register will be help ful for monitoring post contract obligations like refund of security deposit, extension

of DP, LD, qty supplied / outstanding etc. A copy of the supply order and a copy signed in ink will be submitted along with the bill to the paying authorities. The under mentioned will be highlighted:-

(a) Scope of project.

(b) Items to be provided/services to be rendered.

(c) Overall project cost.

(d) Delivery period.

(e) Payment terms

(f) Acceptance testing methodology.

(g) Liquidated damages.

(h) Warranty and maintenance cover during warranty period.

(i) AMC or maint of software if applicable.

(j) Uptime calculations if applicable.

(k) Spares and consumables if applicable.

(l) Software updates/upgrades if applicable etc.

(m) Option clause, security deposit / BG etc.

(n) Arbitration

38. **Repeat Orders.** Repeat orders may be placed in case of urgency only with the prior concurrence of IFA/CDA, approval of the CFA and with the consent of the firm subject to fulfillment of the following criteria: -

(a) The original order was not against an urgent/emergent demand.

(b) Repeat order must be placed within six months from the date of the original order.

(c) It has been ensured that there is no downward trend in prices.

(d) For value of repeat orders the value of repeat order may not exceed 50% of the quantities originally ordered.

39. **Association of IFA/CDA with Post-Contractual Developments having Financial Bearing.** The IFAs / CsDA will also be fully associated with the post-contract stage developments having financial bearing like **extension of delivery period, waiver of liquidated damages, risk purchases etc.** In other words, the prior concurrence of IFA/CDA will be obtained in such matters. Amendments to supply orders because of printing errors not effecting schedules given in the supply order/tender enquiry can be made without associating IFA/CFA.UO No. and date of IFA/CDA will be indicated in all amendments to SO

40. **Procedure for Attending Seminars and Guest Lectures.** The dynamic nature of IT and the need to keep all personnel up dated with the latest in IT demands that attending seminars and guest lecturers would be necessary. Expenditure on such seminars and guest lectures is permissible from the IT budget. While laid down procedure for obtaining IFA/CDA concurrence will be followed, no tendering will be necessary in such cases. Suitable documents giving details of purpose of such seminars etc along with cost should be enclosed for vetting by the IFA/CDA before approval by

the CFA. Wherever beneficial, suitable MOUs may be entered into with reputed IT organizations with concurrence of IFA/CDA and approval by the CFA.

41. Very often information regarding IT seminars/conventions etc is received at short notice. **In such cases, concurrence of IFA/CDA may be obtained on telephone and recorded on file by the IFA/CDA at the earliest opportunity thereafter approval of CFA be obtained.**

42. **Outsourcing of IT Training.** Formations/Organizations have the freedom to conduct IT training according to their requirements whether at vendors location or at their own. Following modes of training may be utilized: -

(a) **Training at Vendor's Location (Option-I).** Formations/organizations may undertake training at vendor's location as required. In this option vendor may be contracted to provide instructors, hardware, software, courseware, infrastructure, ancillaries etc.

(b) **Training at User Location (Option-II).** The users will provide infrastructure and the remaining will be the same as at option above. Computer hardware, software, instructors etc are to be provided by the vendor.

(c) **Training at User Location with User's Computer Hardware and Software (Option-III).** Same as option II except that the user's computers hardware, software along with infrastructure is utilized for training. Vendor will provide instructors and courseware only.

43. **Procurement Procedure for Computer Stationery and Consumables.** The requirement of computer stationery will be worked out wrt actual average annual consumption of last 3 yrs based on computers held on charge. The details of computer likely to be added of likely to become obsolete may also be indicated. Items, which are not covered under annual contracts, may be procured following normal local purchase procedure. The procurement procedure for this category shall remain the same as is being followed for any other Air Force Stores. The authorities delegated with financial powers out of the IT budget will also procure computer stationery and consumables for their lodger units/establishments to whom they provide logistics support as per guidelines given below. The extent of expenditure on computer stationery and consumables will be within the allocated funds in a financial year. The procedure / guidelines for procurement will be as under: -

(a) The requirement of computer stationery and consumables for various units/establishment will be consolidated by the respective CFAs at units/formations and by Directorate of IT at Air HQ for Air HQ and units directly under Air HQ at New Delhi.

(b) Based on availability of funds computer consumables and stationery will be procured during the financial year.

(c) Sanction of the CFA and prior concurrence of IFA/CDA where applicable will be obtained by the concerned organization following laid down logistics procedures.

(d) Tendering, placing of order, procurement of the items and forwarding bills for HQ.CDA/IFA will be associated in all stages of procurement viz.acceptance of necessity, selection of sources in LTE, tendering, TPC/PNC, vetting of draft S.O. and post contractual monitoring where such powers are with financial payment will be done by the respective unit logistics sections/DIT at Air concurrence

(e) Computer consumables and computer stationery shall be treated as separate items. Splitting of sanctions should be avoided. (Rule 147 of FR Part 1 Vol II) CDA/IFA should carefully audit all such sanctions.

(f) Pre-printed computer stationery can be procured.

(g) Computer consumables and computer stationery will be procured from Super Bazar/ Kendriya Bhandar/NCCFI. In case these organizations are not located within the municipal limits of the nearest market a mention of the same may be made in the CSQ/bill/sanction.

(h) Computer stationery and consumables can be procured and stocked as follows:-

(i) Maximum establishment - Four months

(ii) Minimum establishment - Three months

(i) Necessity and expenditure angle concurrence and approval can be combined. Moderations/changes in quantity if required may be advised by IFA/CFA at the time of granting concurrence/approval before placement of supply order. Similar clause may be added in the tender enquiry to amend quantities.

(j) Computer stationery and consumables for computer systems procured as embedded systems will be procured from code head under which their Vocab Section falls. Computer stationery and consumables will be from IT code head where computers have been provided by Dte of Flight Safety, JD Tetra, Dte of IT, earlier locally procured under code head 742 or 750 or through ATG/ ETG/IMMOLS since all these are not part of embedded.

(k) In case it is decided by the user that annual contract is required to be entered it must be insured that all activities of contract (up to signing of contract) are completed by 28 Feb so that contract can be operative wef 01 Apr.

(l) 100% payment can be made after delivery and inspection of stores.

(m) Expenditure on computer stationery and consumables is to be incurred from the IT head only and from no other head.

44. **Procurement of Computer Peripherals and Ancillaries (Schedule XIX A5).** Computer peripherals and ancillaries can be required under the following conditions:

(a) Existing computer peripherals/ancillaries have become Cat 'E'.

(b) Existing computer peripherals/ancillaries cannot be further used due to non-availability of spares/consumables.

(c) Computer peripherals/ancillaries are additionally required to meet assigned tasks.

45. The user shall be submit the requirement in the format of self contained letter/ service note to the CFA through proper channel for approval. Concurrence of IFA will be obtained if required.

46. Based on merits of each case the CFAs may authorize procurement of peripherals and ancillaries. Sanction letter will be issued by the CFA or his authorised representative allowing units to undertake local purchase on not exceeding basis.

47. **Procedure for Upgrade, Repair and Maintenance of Computer Systems. (Schedule XIX B1 to B3)** The procedure for this category shall remain the same as is being followed for any other Air Force Stores for upgrade, repair and maintenance. The

authorities delegated with financial powers out of the IT budget will upgrade, repair and undertake maintenance for their lodger units/establishments to whom they provide logistics support as per guidelines given below. The extent of expenditure on upgrade, repair and maintenance will be within the allocated funds in a financial year. The procedure / guidelines will be as under: -

(a) The requirement of upgrade, repair and maintenance of computers and peripherals for various units/establishment will be consolidated by the respective CFAs at units/formations and by Directorate of IT at Air HQ for Air HQ and units directly under Air HQ at New Delhi.

(b) Based on availability of funds upgrade, repair and maintenance will be undertaken during the financial year.

(c) Prior concurrence of IFA/CDA where applicable and Sanction of the CFA will be obtained by the concerned organization following laid down logistics procedures.

(d) Tendering, placing of order, procurement of the items and forwarding bills for payment will be done by the respective unit logistics sections/DIT at Air HQ.CDA/IFA will be associated in all such cases right from acceptance of necessity, selection of vendors, tendering, TPC/PNC, vetting of draft Supply Order and post contractual matters having financial bearings.

(e) All CFAs with prior concurrence of IFA/CDA where applicable will sanction local purchase of any spare parts, maintenance stores, material or items of equipment required to expedite repairs of all types of equipment. The financial limit stated against each is for any one article of any number or similar articles purchased at the same time or dissimilar items purchased for one purpose.

(f) These items will be procured ex-trade.

(g) Computer spares for undertaking upgrade, repair and maintenance can be procured and stocked as follows:-

(i)	Maximum establishment	-	Four months
(ii)	Minimum establishment	-	Three months

(h) Necessity angle concurrence by IFA (where applicable) and approval of CFA shall be required for undertaking repair, upgrade and annual maintenance of computer systems.

(i) Computer systems procured, as embedded systems will be upgraded, repaired and maintained from code head under which their vocab section falls. Upgrade, repair and maintenance will be from IT code head where computers have been provided by Dte of Flight Safety, JD Tettra, Dte of IT, earlier locally procured under code head 742 or 750 or through ATG/ETG/IMMOLS since all these are not part of embedded systems.

(j) The users may enter into AMC or undertake maintenance on as required basis at their discretion as per local resources available. AMC entered with for one year can be extended up to a total of three years subject to the condition that the same was mentioned in the tender enquiry. Items broadly similar in nature to those in AMC can be additionally brought under the AMC on pro-rata basis. Extension in period of AMC and items additionally brought under AMC will require approval of CFA (with or without consultation of IFA) as applicable. AMC should be entered only for serviceable equipment having sufficient

residual life during the period of the contract. CDA/IFA will be associated in all stages viz acceptance of necessity, tendering, TPC/PNC, vetting of draft Supply Order and post contractual monitoring.

(k) In case it is decided by the user that annual contract is required to be entered it must be ensured that all activities of contract (up to signing of contract) are completed by 28 Feb so that contract can be operative wef 01 Apr.

48. **Project Implementation**. The organization tasked to undertake the project or the organization to whom the project has been sanctioned will be responsible for the project implementation and to ensure that the project is executed as per the terms and conditions given in the supply order.

49. **Project Implementation Core Group (PICG). A PICG will be constituted by the end user consisting of a Project Officer and an Assistant Project Officer.** The composition of the PICG will be intimated to the respective controlling authority at the time of initiation of the case. Care will be taken to ensure that the officers nominated are aware of the entire project and will be available till the project is completed. The PICG will act as user interface and will be involved in all subsequent actions requiring involvement of the user as outlined in this SOP. The PICG will be responsible for the following: -

(a) To ensure that the installation site is completely ready prior the installation.

(b) To make arrangements to ensure that the vendor's delivery schedules are not delayed due to unprepared/under prepared user site(s).

(c) To ensure that the vendor delivers all items as per the supply order and specifications.

(d) To arrange safe custody of the equipment till the system is finally accepted by the end user.

(e) To ensure system installation, integration, fine-tuning and proper functioning as per the supply order from the vendor.

(f) In case of any dispute with the vendor to refer the matter to the CFA.

(g) To forward necessary certificates, as would be required by the CFA/ Directorate of IT from time to time to progress the installation/payments.

(h) In case of software related projects, ensure proper data capture, complete software testing and integration of the software.

(i) In case of specific project involving application development or turnkey projects, DIT, Air HQ may nominate a suitable representative as technical adviser to the PICG.

50. **Installations and Acceptance.** The vendor will carry out the system installation on the terms and conditions specified in the supply order. The user will be responsible for the complete installation and final acceptance of the system.

51. **System Acceptance**. On completion of system installation by the vendor, a board of officers ordered by the end user will carry out Acceptance Tests in accordance with procedure specified by the CFA for such acceptance. The board shall carry out the acceptance test so as to check the functioning of every aspect of the installation. The board shall carry out extensive tests to ensure that the system installed is as per the supply order and is fully functional. **The importance of the acceptance testing needs no overemphasis, since on this would depend the final payment to the vendor**. The

board will also clarify the aspect regarding the date of commencement of warranty. The proceedings of the board of officers will be forwarded to the CFA **within twenty working days of completion the acceptance test**. The duration of the acceptance test itself may vary from project to project.

52. **Feedback.** A copy of the supply order shall be sent to the end user as soon as it is issued and it should include the likely date of commencement of work, milestones laid down and the probable date of completion. The following feedbacks shall be sent by the end user/sponsor to the CFA and Dte of IT in respect of all procurements except computer stationery and consumables: -

(a) After the system becomes operational, two six monthly feedbacks will be forwarded in the first year of the project giving out the complete details such as downtime, system effectiveness, problems encountered, quality of customer support provided by the vendor, etc.

(b) A four monthly feedback as on 01 Jul, 01 Oct, 01 Jan and 31 Mar will be forward giving consolidated details of IT training, seminars and guest lectures that have been conducted during the previous quarter.

53. Dte of IT shall maintain a **database** of **feedbacks** regarding all IT projects that are under **Post Implementation Monitoring.**

54. **Monitoring of Contractual Obligations**. Monitoring of contractual obligations will be the responsibility of the end user. In case of any breach of contractual obligations, the CFA will be intimated. Any dispute as to the terms and conditions of the contract will be referred to the CFA and CDA/IFA.

55. **Technology Reports.** For all projects that have been vetted or sanctioned by the Air HQ, a **'Technology Report'** giving details of the project and its utilization will be given to the Dte of IT and CFA on completion of the project.

56. **Summary of Projects Executed**. A summary of all projects executed during the previous financial year along with the major items procured and their status as on 01 April will be consolidated by all Command HQ and forwarded to **the Dte of IT by 01 May every year and to their respective IFAs.**

57. **Single Window Solution.** All procurement in a proposal may be preferably made from one vendor to ensure compatibility of hardware with peripheral, software and networking equipment e.g. it will be prudent to buy a PC from one vendor along with UPS and printer as service support is through single vendor and the same stands good for solutions on turnkey basis.

58. **BOC of Items.** All items on their receipt will be BOC by means of CRV/A&I. Delivery challans must be filed securely and should be signed specifying the date of receipt of the equipment as the same will be help in establishing date of delivery which in turn is linked to payment terms and deduction of LD. CRV certificate in addition to standard wording should bring out challan number and date of receipt of equipment. CRV/A&I will be raised after inspection of items by BOO. No L.D. will be waived without the prior concurrence of IFA/CDA.

59. **Change of Technical Specifications after placement of Supply Order.** In view of fast obsolescence/change in technology in the field of IT, there will be numerous occasions as follows: -

(c) The manufacturer has upgraded technical specifications from those ordered.

(d) Technical specifications of items have changed in general as per industry standards.

(e) The OEM has discontinued the model ordered.

60. The supply order must state that incase amendments to the supply order are required by the firms with respect to the above (para), the same must be intimated to the purchaser within 10 days of date of issue of supply order.

61. The TEC will examine facts and make a report. TEC must ensure that items offered in lieu have equal or better specifications and certifications. Items offered as in lieu should be accepted only if the same is being offered at no extra cost. The proposal will be put up to the CFA (with/without consultation of IFA, as applicable) for granting amendments to the supply order. DP extension in such cases will be granted with/without LD with prior concurrence of IFA/CDA. Delivery period same as per original supply order will be granted from date of approval of the amendment by the CFA.

62. Any other situation may be considered on merits of the case by the CFA (in consultation with / without IFA as applicable).

CONCLUSION

63. This SOP will serve only as a guideline and is by no means exhaustive. Formations/controlling authorities may supplement these with any additional procedures if considered necessary preferably taking the accredited IFA into confidence. The fast obsolescence of IT products necessitates the need to always ensure backward compatibility with older systems along with the necessity to be close to state of the art.

64. **This SOP supersedes the earlier instructions issued on the subject from time to time.**

Appendix 'A'

SCHEDULE - XIX

SPECIAL POWERS FOR INFORMATION TECHNOLOGY RELATED PROJECTES

Sl No	Objects on which expenditure can be sanctioned	CFA	Financial Limits	
			Without consultation of IFA/CDA	In consultation of IFA/CDA
			In Rupeess	
A	**Financial powers for Systems Automation**			
1	Purchase of Computer Systems	DCAS/VCAS	--	200 lakhs
		ACAS (IT)	--	100 lakhs
		AOC-in-C	--	100 lakhs
		Trg Estt Comdt (AVM)	--	10 lakhs
2	Provision of Access networks, media connectivity including associated hardware and software	DCAS/VCAS	--	100 lakhs
		AOC-in-C		50 lakhs
3	Purchase of system software and application software	DCAS/VCAS	--	100 lakhs
		ACAS (IT)	--	50 lakhs
		AOC-in-C	--	25 lakhs
4	Software development and technical consultancy for IT projects and IT training	DCAS/VCAS	--	100 lakhs
		ACAS (IT)	--	50 lakhs
		AOC-in-C	--	25 lakhs
5	Purchase of computer peripherals and ancillaries	DCAS/VCAS	5 lakhs	100 lakhs
		ACAS (IT)	2 lakhs	50 lakhs
		AOC-in-C	1 lakh	25 lakhs
		Trg Estt Comdt (AVM) AOC (J&K/MAO)	--	10 lakhs

6	Computer stationery and consumables (See notes below)	DCAS/VCAS	1 lakh	50 lakhs
		ACAS (IT)	5 lakhs	15 lakhs
		AOC-in-C	1 lakh	15 lakhs
		Trg Estt	1 lakh	05 lakhs
		Comdt (AVM) AOC (J&K/MAO)	-	
		AOC/CO/CO MDT	1 lakh	05 lakhs

Notes: 1. The total annual expenditure is subject to ceiling laid down in the yearly budgetary allotment for this purpose.

2. Expenditure on computer stationery and consumables is to be incurred from the IT head only and from no other head.

Sl. No	Objects on which expenditure can be sanctioned	CFA	Financial Limits	
			Without consultation of IFA/CDA	In consultation of IFA/CA
			In rupeess	
B.	**Financial Powers for repairs and maintenance of computer systems**			
1	Local purchase of spares and maintenance of computers, peripherals and ancillary equipment and upgradation of computers	DCAS/VCAS	1 lakh	5 lakhs
		ACAS (IT)	1 lakh	3 lakhs
		AOC-in-C	1 lakh	2 lakhs
		DIT	0.8 lakh	--
		AOC/CO/COMDT	0.5 lakh	--
2	Local repair of computers, peripherals and ancillary equipment	DCAS/VCAS	1 lakh	4 lakhs
		ACAS (IT)	0.5 lakh	1 lakh
		AOC-in-C	0.5 lakh	1 lakh
		DIT	0.2 lakh	--
		AOC/CO/COMDT	0.16 lakh	--
3	Maintenance of computer systems and their peripheral through annual maintenance	DCAS/VCAS	1 lakh	10 lakhs
		ACAS (IT)	0.5 lakh	1 lakh
		AOC-in-C	0.5 lakh	1 lakh
		DIT	0.2 lakh	1 lakh
		AOC/CO/COMDT	0.3 lakh	1 lakh

Note :

Appendix–`B

GUIDELINES ON ITEMS/SYSTEMS THAT CAN BE PROCURED FROM IT CODE HEAD

(This list is representative and not exhaustive)

1. **Computer Systems**

   (a) Turnkey projects to include:-

   (i) Wide Area Networks with associated equipment.

   (ii) LAN inclusive of servers, nodes, associated peripherals and software (systems and application).

   (iii) Complete workstations/stand-alone PCs including peripherals. Systems and customized application software.

   (iv) CAT lab facilities.

   (v) Project consultancy.

   (b) Stand-alone PCs including peripherals and system/commercial off the shelf software.

   (c) Laptop computers/note book computers.

   (d) Palmtop computers or any other similar computers

2. **Access Networks, Media Connectivity Including Associated Hardware and Software.**

   (a) VSAT terminals

   (b) Leased lines along with associated terminal equipment.

   (c) Access networks

   (d) Versa mux, digital cross connects, OLT BW managers etc.

   (e) Routing equipment like routers, switches, Firewalls, Encryption devices etc

   (f) Outdoor OFC/Cooper cabling and associated hardware.

   (g) XDSLs (HDSL/ADSL etc).

   (h) Primary and higher order multiplexes with suitable interface cards as per need.

   (i) Modems/radio modems/any other type of modems in IT.

   (j) Structured cabling.

   (k) Any radio based link for extension of data channels.

3. **System Software and Application Software**

   (a) Operating systems for standalone PCs like Linux, Windows ME etc.

   (b) Network operating systems like UNIX/Windows NT etc.

(c) Network management software.

(d) ERP software and solutions.

Commercial off the shelf software and suites such as:-

(i) Office automation software – like MS Office 2000, Lotus Notes etc.

(ii) RDBMS/DBMS like DB2/ORACLE/SQL Server/Visual FoxPro etc.

(iii) Antivirus software like McAfee, NAV etc.

(iv) Computer based training packages.

(v) Software for high end applications – like AutoCAD, Scala, Animator Pro etc.

(vi) Software development tools and computer based training development tools/packages like visual studio, author ware etc.

(vii) Data recovery software.

(viii) Data encryption intrusion detection system, firewalls and security software including consultancy.

(ix) Diagnostic tools, QA tools and CASE tools and other software engineering related tools.

4. **Software Development and Technical Consultancy for IT Projects and IT Training**

(a) Consultancy from civil vendors to carry out the following:-

(i) Feasibility study

(ii) Information system plan etc.

(iii) Systems study, requirement analysis, and system design.

(iv) Solutions for turnkey IT projects.

(b) Customized software development.

(c) Seminars, workshops, conference, symposiums, conventions.

(d) Guest lectures.

(e) IT related training from civil institutions.

(f) Network audit.

(g) Quality assurance audit (study, consultancy, by professional agencies.

5. **Computers Peripherals and Ancillaries**

(a) Standby power management equipment such as CVT, UPS, batteries for UPS, spike busters etc.

(b) Computer storage devices and backup devices like external disk stations, hard disks, tape drives, zip drives, zaz drives, DAT drives, microfilming equipment, PC OS, ant virus and office automation tools etc.

(c) Input devices like keyboards, scanners, touch screen, mouse, joystick,

(d) Output devices like all types of plotters, printers such as dot matrix printers, inkjet printers, laser printers, line printers etc.

(e) Modems.

(f) CD changers, CD drives, juke boxes, DVD ROM drives, CD writers etc.

(g) Projection systems like video projection systems, visualizes, LCD projectors, overhead projectors, LCD panels etc, which are required to be computer networked/IP addresses compatible.

(h) Multimedia kits, audio –visual kits, mike, speakers, DVD drives, digital camera, digital video camera etc, which are required to be computer networked.

(j) Display systems like monitors, anti-glare screens etc.

(k) Printer sharer, video splitters etc.

(l) All types of interface cards and memories such as RAM, video graphic cards, video grabber cards, controller cards etc.

(m) Networking equipment like switches, hubs, routers, network interface cards, mounting cord, information outlets, surface mount box, jack panels, jack patch, racks with accessories, conduits etc.

(n) Test and maintenance equipment like multimeters, IC testers, vacuum cleaner etc.

(o) Special computer furniture.

6. **Computer Stationery and Consumables**

(a) Computer printer paper of various sizes and types.

(b) Map litho paper etc for photocopying purposes.

(c) Cleaning cloth, cleaning liquid, drive cleaning kits etc.

(d) Magnetic media such as floppies, tapes, write able CDs etc.

(e) Magnetic storage devices.

(f) Printer ribbons, cartridges etc for all types of printers etc.

(g) Paper for photocopier and laser/inkjet printers.

(h) Connectors like RJ 45, RJ 11 etc.

(i) Cables for devices like printer, scanner, UPS etc, power cables, LAN / UTP / OFC cables etc.

(j) Plastic parts of equipment.

(k) Batteries of UPSs, lamp's for projection systems etc.

(l) Printer head.

APPENDIX 'C'

SCHEDULE OF REQUIREMENT

Sl. No.	Items	Qty	Rate	Amount
1 (a)	**PC** CPU – Intel P-III @ 800 MHz or above 133 MHz bus speed **Cache** – 256 KB full speed L2 Cache **RAM**- 128 MBSD RAM expandable to 512 MB **Graphics** – AGP integrated /separate with 4 MB VRAM **FDD** – 1.44 MB **HDD** – IDE 20 **GB or above** (Seagate/Samsung/PC OEM) **CD – DVD 6X** or above **Ports** - 2S, 1P, 1 USB, 2 PS-2 (for key board and mouse) **Multimedia** – PCI/Integrated audio (Sound - blaster compatibility) with 120W speaker, mike, microphone + Head set **Ethernet** – 10/100 MBPS Ethernet Card PCI Dust cover (for CPU, monitor, keyboard) paper support clip **Windows ME** licensed Edition. Original media and documents to be provided. (No recovery CDs are allowed). Windows ME must be preloaded on all PCs General Specification PC must be Microsoft certified for Windows 98/ME/2000 FCC Class 'B' / ERTL Certification must be provided. PC brochure must be provided.			
(b)	Monitor –15" SVGA (Digital) (Microteck/LG/Samtron/OEM)			
(c)	107 Keys keyboard PS-2 with skin inter net enabled			
(d)	MS Mouse PS*-2 with pad inter net enabled			

2 (a)	**Server** P-III Xeon Server with internal clock speed 900 MHz or above up gradable to dual Xeon & future processor. 133 MHz or above FSB 3x9 (Plus) GB HDD Hot swappable. **LVD** (Ultra 2 SCSI) (80 MBPS/sec transfer rate) Hard disc controller. **Cache** – 512 KB full speed L2 external CPU Cache **RAM**- 256 MB ECC RAM with same speed as FSB expandable to 4GB. Graphics 16 bit or above VGA with 2 MB VRAM **FDD** – 1.44 MB 52 x CD ROM Drive DAT (12/24) GB **Ports** – 2S, 1P, 2 USB, 2 PS-2 (for key board and mouse) Keyboard & Mouse, I/O interface ports, 1 RJ-45 Network Jack.. **Slots** – 5 Or above PCI I/O expansion slots. **Network Adapter**-2 x 32 Bit PCI 10/100 MBPS Ethernet Adapter (Intel Ether Express Pro) **Power Supply** - Redundant hot swappable power supply. Mini tower with extra cabinet fan. Dust cover Server class machine with Server management, Security and Maintenance Software & tools. Dust cover . *Certified for Unixware			
(b)	15" Digital Colour Monitor SVGA**(Microteck/LG/ Samtron/OEM)**			
(c)	MS Mouse PS-2 with pad internet enabled			
(d)	107 Keys keyboard PS-2 with skin Internet enabled			
03	UPS 2 KVA Offline 30 Min backup SMF batteries and necessary chords. (ISO Certification must be provided)			
04	UPS 0.625 KVA offline minimum with 15 Min backup SMF batteries and necessary chords. (ISO Certification must be provided)			
05	Scanner A4 size (600x1200 dpi) with cable/cord for power and data (Brochure must be provided)			
06	Inkjet Printer A-4 size with cable/cord for power & data (Brochure must be provided)			

	HP / Lexmark / Epson/OEM			
07	Laser jet Colour printer A-4 size with cable/cord for power and data (Brochure must be provided)			
08	Dot Matrix Printer 132 Col 300 CPS (High speed draft) 24 Pin with power and data cord (Brochure must be provided)			
09	Patch Cord 5'/7' (Lucent)			
10	Microsoft office XP Prof edition with media and documents (Latest)			
11	Unix 7.1 or latest with media and documents (25 user) with media and documents			
12	Visual studio 6.0 or latest (enterprise edition) with media and documents			
13	Adobe PhotoShop (latest) with media and documents			
14	Oracle 8i or latest for Unixware (25user) with media and documents			
Total				

Appendix 'D'

Refer Para 16 of SOP for Schedule XIX
Dated .....

SAMPLE TENDER DOCUMENT

REGD. POST

SQN LDR

TOTAL No. OF PAGES .....

(Including appendix if any)

Tele : 5667267
Technology

Dte of Information

Air HQ Computer Centre
Subrorto Park
New Delhi – 110 010

AIR HQ/99026/117/ / DIT ( )

Mar 2002

M/s _____ (As per attached list)

INVITATION TO TENDER FOR PROCUREMENT OF HARDWARE & COMMERCIAL SOFTWARE TENDER ENQUIRY NO. DIT/0001/2002

Sir,

1. Enclosed please find tender documents for supply of .....

2. Directorate of Information Technology, Air HQ, hereinafter referred to as customer, is interested in procurement of hardware and commercial software as indicated in Annex – I..... Please give your technical and commercial offers as per Annex 'I' attached. A presentation to explain the scope of the tender will be held at .....hrs on .....at.....

3. L1 vendor shall be decided on the comprehensive total of all items or unless specified otherwise, hence you are requested to quote your most economical rates for all items. The quantities are tentative and may be changed while placing order, during technical evaluation or before opening of commercial quotes. All vendors in fray at that stage will be informed. However this will not involve change in commercial bids hence you are requested to quote your most economical rates for all items.

4. The quotation should have minimum validity period of 120 days from the last date of receipt of quotations at Air HQ.

5. The following points may please be adhered to while filling up the forms:-

(a) Only the enclosed formats (Annexure-I) in original will be used. All sheets will be submitted duly affixed with the company's stamp and signature of the authorized signatory of the company. Additional sheets, duly authenticated, may be attached to elucidate specifications or clarify specific issues.

(b) Income Tax clearance certificate may be attached.

(c) Incase of authorised dealer the dealership certificate from OEM and the date from which the dealership is held may please be enclosed.

(d) The quotations must be Indian Rupees.

(e) The record of past performance along with price bid be indicated.

(f) All offers must be addressed to ACAS (IT).

(g) The costs to be indicated for each item should be the landed cost of the item, inclusive of all taxes, levies, fright etc. The cost should not be related to price variation clause. In case the vendor pays Octroi the same will be refunded on proof of payment.

(h) Total costs for the full quantity to be supplied will be indicated in figure towards and any amendment should be initialed and stamped.

(i) Incomplete tender will be rejected as procurement of all items is going to be made from one vendor only. Incase of stationery/consumables & peripherals, the firms may quote for items available with them however he purchaser will reserves the right to make procurement item wise / consolidated.

(j) Technical and commercial offers will be submitted on specific formats enclosed with this tender document in separate envelopes marked "technical offer" and "commercial offer". Each offer will be in separate envelope and will be distinctly marked as 'technical offer' and commercial offer'. The envelopes will also be marked with our reference number, date and due date of opening of tender.

(k) For servers and PCs only OEMs or their associates are authorized to quote for this tender enquiry even if the tender enquiry has been sent directly. The associates should furnish letter from OEMs to quote for their product. Bidders are advised to check and recheck with their OEMs that only one firm has been authorised to quote on them behalf.

(Applicable for HW tenders only)

6. The systems/items quoted must satisfy the following general qualifying requirements.

(a) **Computer Hardware**

(i) Industrial standard (ISO certified) products with proven reliability.

(ii) Must have standard diagnostic and maintenance tools built-in or supplied separately.

(iii) Certificate by manufacturer of compliance with FCC Class 'B' or better/ERTL certification. Self declaration by the manufacturer is not acceptable.

(iv) PCs must be be certified for OS such as Windows ME/2000/XP certified by Microsoft. Servers if asked must be certified for OS which has been asked along with the Server. Self declration by the firms is not acceptable .

(b) **Software**

(i) The operating system must be the latest licensed version available of that product and must be configurable to perform all the tasks it is specified to perform on the quoted hardware.

(ii) The application or application development tools must be the latest version of the product, complete in all respect with all standard development libraries and must be capable of performing as specified, on the quoted hardware platform.

(c) **Accessories**

(i) The accessories quoted must meet the requirements as mentioned above for the computer hardware and must perform its intended task seamlessly in the computer hardware and software environment mentioned above.

(ii) There should not be a requirement of additional cables and chords. The peripherals must be provided with required chords and plugs even if not provided by the OEM.

(iii) Drivers (original) must be supplied individually against each item.

7. You are requested to indicate your acceptance of the above offer based on the terms and conditions as given out in the succeeding paragraphs as per Annexure-II.

8. **Deliveries and Implementation Schedule.** Details of project implementation are as under:-

(a) **Hardware and Commercial Software** :-

(i) Delivery of all hardware, commercial software and networking components at _____ within **eight weeks of acceptance of the firm supply order or within nine weeks of placement of firm supply order, which ever is earlier.** The delivery of hardware from _____to the other establishment will be vendor's responsibility. The details of hardware and software to be installed at each site are given at Annexure-III.

(ii) LAN to be established and all components to be integrated within **Six weeks** of completion of Acceptance testing at

_____

(b) **Application Software**

(i)	System study and SRS sign off (D Day)	-	Four months
(ii)	Preparation and acceptance of conceptual & physical design	-	D + 2 months
(iii)	Design and development of prototype and its Installation & acceptance.	-	D + 5 months
(iv)	Installation & acceptance of integrated system	-	D + 6 months

(c) Handing over of system complete in all respect to _____ _____ within **six months** from the date of sign off of the SRS. The time will run concurrently both for hardware and application software from date of acceptance of the supply order or from one week after issue of supply order which ever is earlier.

9. **Application Software Development** The software will be developed for _____HQ _____ and the areas, which are to be automated, are as follows: -

(a) Automation of activities in the _____Branch

(b) Automation of activities in the _____Branch

(c) Automation of activities in the _____Branch

(d) Automation of activities in the _____Branch

10. The various modules that are required to be developed are as given at **Annexure 'IV'**. These modules required shall be correctly identified during system study phase and suitably integrated later to work in an optimized way. Various other document deliverables as given in subsequent paragraphs shall be jointly signed and approved prior to start of coding.

11. System study of _____ will be carried out. _____ staff will be co-opted. Reps of _____ HQ _____ and _____ will also be co-opted by the user at the system study stage.

12. At the end of system study an SRS will be submitted which will be approved by the user. This will form the basic document for further progress. The SRS will be submitted and accepted **within four months** from the date of acceptance of the supply order or from one week after issue of supply order whichever is earlier.

13. Features in the application software should include: -

(a) Three-tier architecture.

(b) Access to various modules and sub-modules be through user ID and password.

(c) Context-sensitive help to be made available as and when required.

(d) Menu driven facility to provide backups on regular basis.

(e) The software application will be GUI based.

(f) The solution will be Y2K compliant.

14. Following software development tools should be used for _____ :-

(a) **Front end** Visual Basic and MS-Access.

(b) **Back end** MS SQL Server 7.0 (or latest) and MS-Access.

(c) **Environment** Windows NT/Windows 200 Advance server

(d) **CASE Tool** Rational studio suites for analysis, test and development will be used. Rational unified process will be used through out the software development life cycle and outputs of these tools with respective repository shall be handed over where applicable

(e) **Security** Minimum C2 security level will be catered for in the application software.

15. **Software Standards. IEEE 12207 processes shall be used during the entire development process and MIL-STD-498** for documentation at different stages of software development is to be strictly adhered to.

16. **Deliveries during implementation of application software.**

(a) Following deliverable shall be submitted by the development agency:-

(i) **Deliverables in pre SRS Stage**

(aa) Operational concept description.

(ab) Software development plan (to be signed off before coding).

(ac) System/sub system specifications.

(ad) System/sub system design description.

(ae) Interface design description.

(ii) **Deliverables in SRS preparation stage**

(aa) Software requirements specifications (to be signed off before coding).

(ab) Interface requirement specifications.

(ac) Software test plan.

(ad) Software installation plan.

(iii) **Deliverables in design stage.**

(aa) Software design description.

(bb) Database design description (to be signed off before coding).

(cc) Software test description (it shall be ensured that as far as possible live data shall be used and this data shall be collected as early as SRS preparation stage. Development agency shall use its own resources for this purpose).

(iv) **Deliverables after design stage.**

(aa) Tested and properly documented programs (source codes). Finally accepted program shall be demonstrated for actual compiling and it shall be handed over as an installable copy.

(ab) Software test report.

(ac) Software installation plan.

(ad) Software user manual.

(ae) Software version description.

(af) Software product specifications.

17. **Acceptance Testing Procedure.** The system will be subjected to detailed acceptance testing procedure to test individual components and successful integration of

all components. The vendor and the user will work out the details of the procedure jointly. The general guidelines for carrying out the acceptance test are as per **Annexure V.** The specifications of the equipment should be in conformity with the details provided by the vendor and as per the given specifications. The user would issue an acceptance certificate on successful completion of acceptance testing after delivery as per **Annexure VI.** The date of issuing the acceptance certificate would be deemed to be the date on which the warranty will commence. On establishment of LAN and integration of the hardware components in the LAN an installation certificate will be given by the user as per **Annexure VII.**

Acceptance of the System

18. (a) **Hardware Acceptance.** This will involve the following activities :-

(i) Installation of servers and clients along with necessary operating systems and other peripherals such as printers.

(ii) Testing of the hardware in stand-alone mode and in a networked environment after integration.

(iii) Obtain hardware sign-off.

(b) **Hardware Implementation**

(i) Provide support for acceptance and train users on the system software.

(ii) Obtain sign-off on hardware deliverables.

(c) **Networking.** This will involve the following: -

(i) Installation of network.

(ii) Testing of network.

(iii) Obtain networking sign-off.

19. **Training (if required)** Training of two batches of 20 personnel each for five working days at_____(Name of Institution/Org). The training will be carried out vendor's premises. Vendor shall provide hardware, software, courseware, and instructors. The syllabi will be as per Annexure VIII. The vendor must conduct training through reputed training institute or through its own resources. This training will commence within one month of issue of supply order.

20. SECURITY DEPOSIT:- Every Contractor shall deposit security deposit at the rate of 5% (five percent) of the total value of each contract they secure before or **within 20 days of the receipt of acceptance** of tender along with acknowledgement copy of Supply Order, failing which the Purchaser may cancel the contract and invoke where such other remedies as may be open to the purchaser including Contractor's deregistration.

In case of risk purchase, if the quotation of the defaulting firm happens to be lowest and technically acceptable, they will be required to furnish security deposit equivalent to the difference between his quotation and the next best technically acceptable quotation or 10%(10 percent) of the proposed contract value whichever is more in any of the forms specified below within 15 days of the intimation to them for admission of the said security transit failing which their offer will be ignored and placement of the contract on the next best offer will be considered.

The security deposit would be in any of following approved forms **in favour of CDA(AF), New Delhi / JCDA (AF), 2nd Floor, NS Building, Civil Lines, Nagpur - 440 001** and should be valid during the currency of contract unless otherwise specified. Government securities issued by the Government of India or any of the States in the Union of India shall be accepted at 5% below the market price or the face value, whichever is less. All securities shall be pledged to the President of India. No claim shall lie against the purchase either in respect of interest if any, due on security deposits or depreciation in value.

(a) Bank Deposit Receipts or Fixed deposit receipts or Demand Drafts of any of the scheduled commercial banks.

(b) Treasury Receipts.

(c) Government Promissory Notes and stock certificates of the Central Govt.or State Govt.

(d) National Saving certificates, Post Office Cash Certificates, Post Office Savings Bank Pass Books and Kisan Vikas Patra.

(e) Bonds / Security Certificates issued by and under the authority of Central / State Government.

(f) Bank guarantees from any nationalized bank for a total period of more than 06 months from expiry of DP.

No claims shall lie against the purchaser either in respect of interest or any depreciation in value of any security. In case of bank deposit receipt the purchaser shall not be responsible for any loss that may result on account of failure of such bank.

If the Contractor fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the purchaser to forfeit either in whole or in part, the security deposit furnished by the Contractor. Save as aforesaid, if the contractor duly performs and completes the contract in all respect and presents absolute **"NO DEMAND CERTIFICATE "** in the prescribed form and returns in good conditions, the specifications, drawing and samples or other property belonging to the purchaser, the Purchaser shall refund the security deposit to the contractor after deducting all costs and other expenses that the purchaser may have incurred and all does and other moneys including all losses and damages which the purchaser is entitled to recover from the Contractor.

21 **Performance Bank Guarantee.** Being a turnkey solution including hardware, and networking, 10% of the complete cost of project shall remain under bank guarantee till the expiry of the warranty as performance warranty. The vendor shall furnish a performance bank guarantee equal to ten percent (10%) of the total value of the contract pledged in favour of CDA/IFA from a nationalized bank within seven days of the receipt of supply order. In case of non-adherence to the delivery schedule for all deliverables of the project as given above liquidated damages will be deducted from this amount or from any payment due to the supplier. Bank guarantee will be valid till one extra month after expiry of the warranty. (12 months from the date of successful installation and commissioning.)

22 Paying Authority: Air Force Account Branch

23 **Payment terms are as under (these may be changed as per the project requirement):-**

a) **Hardware Software and Networking Components and Training**

(i) **50%** of the total cost (less cost of training) of the order on delivery & acceptance of the hardware, software and networking components at place of delivery.

(ii) **40%** of the total cost (less cost of training) of the order on installation of the systems at various user locations by the vendor's representative and acceptance of complete system encompassing LAN and WAN by Air HQ/Command.

(iii) **10%** of the total cost of the order against bank guaranty from any nationalised bank pledged in favour of CDA/IFA (valid for thirteen months) for performance during warranty period, from the date of acceptance of systems by the user.

(iv) Cost of training (100%) will be paid on issue of satisfactory certificate by the end user.

(b) **System Study**

(i) 50% on completion and acceptance of OCD.

(ii) 50% on completion and acceptance of SSS, IRS, networking architechure and draft RFP.

(c) **Application Software**

(i) 25% of the cost of application software on completion and sign off of the SRS document.

(ii) 25% of the cost of application software on completion and sign off of the system design document.

(iii) 25% of the cost of application software on tersting and acceptance of the software.

(iv) 25% of the cost of application software on completion of successful installation and training.

24. **Liquidated Damages.**

(a) The supplier shall carry out supply and installation of all equipment and software according to the schedule stipulated in the supply order. The time frame and the date of delivery and installation mentioned in the supply order shall be deemed to be the essence of the supply order. The delivery and installation must be completed not later than the date specified therein.

(b) In the event of the failure of the supplier to complete delivery and installation of the said equipment, associated peripherals and software within the stipulated time, the Government of India shall at their option be entitled to recover from the supplier as agreed liquidated damages, and not by way of penalty, a sum of **.5 % (Half percent)** of the price of agreed cost of supply of equipment, associated peripherals and software as aforesaid for every week thereof, during which the delivery and installation may be in arrears, not exceeding 10% of total contract value .

(c) The supplier's liability for delay shall not exceed 10% of the ordered price. If the delay is longer than **ten weeks** the Government of India shall, except as provided hereinafter, be entitled to cancel the order in full or in part at their sole discretion without any financial repercussions on Government of India.

(d) Govt of India will have the option to buy the hardware, software from the market at the vendor's risk and cost. The mode and method of such risk purchase would be at the total discretion of the customer - Dte of Information Technology.

(e) If any delay in supply and installation arises from Force Majeure circumstances, the Government of India may consider additional time as necessary under the circumstances of the case provided that supplier shall be responsible for keeping the Government of India informed of circumstances which may lead to the delay of supply and installation of equipment within fifteen days of the occurrence of such circumstances and also immediately when such circumstances come to an end failing which no Force Majeure circumstances will be acceptable to the Government of India.

25. **System Maintenance.** In order to ensure functionality during the lifetime (six years) of the systems being procured, the vendor would provide system maintenance, which would include hardware maintenance and system software. Vendor will provide the following: -

(a) During the period of warranty the vendor will ensure that the system continues to perform in exactly the same manner as at the time of acceptance.

(b) Hardware supplied would be repaired on site. The user would approve any equipment being moved out of site for repairs, if required.

(c) Vendor's responsibility wrt commercial/brought out software will be limited to providing updates/upgrades, which come free of cost from the principles. As and when the user wishes to upgrade commercial software vendor would provide complete assistance during the maintenance period even though this may be from third party.

(d) The date of issuing the acceptance certificate after installation in case the same is involved or the date of acceptance of the systems after delivery would be deemed to be the date on which the warranty will commence.

(e) Vendors will provide one year free on site comprehensive warranty for the complete system to include hardware, operating system, networking and application software.

(f) The vendor will also guarantee to provide spares and consumables on payment for a period of five years irrespective of AMC. The customer will be at liberty to obtain the same from other sources.

(g) During warranty, the vendor will repair/ replace without any cost any equipment/part/accessory, which becomes defective except items of a consumable nature.

(h) During the warranty period all warranty benefits received by you from the OEMs, for any equipment pertaining to third parties will be passed on in toto to the buyer.

(j) The buyer may invoke the bank guarantee in case you fail to ensure rectification of defects within two weeks of the defect being intimated to you.

(k) Vendor will ensure 95% systems availability (uptime) during the warranty period. Methodology for calculation of downtime will be as per Annexure IX. In case of failure to maintain specified uptime the proportionate loss to the government will be made good by the vendor specified in the tender.

Alternatively warranty may be extended by the duration for which the company has been unable to provide specified uptime. The discretion to exercise either of these options lies with the Director Information Technology. Bank guarantee submitted, as performance guarantee will be extended accordingly in case of extension of warranty period.

(l) Warranty should be valid throughout India.

(m) Unserviceable hard disks will be repaired at site. Hard disks beyond repair at site will be replaced with new or serviceable hard disks of equal or better specifications. Unserviceable hard disks **will not be returned** to the vendor under any circumstances, but will be destroyed at site by IAF authorities.

(n) Warranty shall include replacement of all unserviceable parts other than floppies, CDs, ribbon, cartridges, and toners. Batteries, plastic parts and printer heads will be covered under warranty

(o) Any failure in the system or a subsystem thereof should be rectified within a maximum period of 48 hours of lodging a complaint, including loading of operating software if required. If the system is down beyond 48 hours, penalty at the rate of Rs. 250/- (Rs Two hundred and fifty only) per day per system will be charged or recovered out of bank guarantee held toward warranty or any payment due to the vendor. In case of any system/sub system being down for more than seven working days, user has the option to get it repaired from any suitable agency at the risk and cost of vendor, which will be deducted from the Bank Guarantee, or any other payment due to the vendor.

(p) Any system failing at subsystem level three times within a period of three months or displaying chronic faulty behaviour or manufacturing defects or quality control problems will be totally replaced by the vendor at his risk and cost within 30 days of being intimated.

26. **AMC.** Terms and conditions for AMC will be as per Annexure-X.

27. **Software Updates.** Vendor will guarantee provision of all software updates, depending upon the option to be exercised by the user, for a period of five years after expiry of warranty period on chargeable basis. However if the upgrade is free from OEM, the same will be passed to the user free of cost.

28. **Force Majeure:** (This will not form part of tender enquiry. However if the same is insisted by the contractor, it will be incorporated in the supply order.)

(a) Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfillment or for the delayed fulfillment of any of its contractual obligations, if the affected party within 15 days of its occurrence informs the other party in writing.

(b) Force majeure shall mean fires, floods, natural calamities or other acts such as turmoil, strikes (as not limited to be establishment of the seller), sabotage, explosions, and quarantine restrictions beyond the control of either party.

(c) It is understood and agreed between the parties hereto that the rights and obligations of the parties shall be deemed to be in suspension during the continuance of the force majeure event as aforesaid and the said rights and obligations shall automatically revive upon the cessation of the intervening force majeure event. The period within which the rights and obligations of the parties

shall be in suspension due to force majeure event shall not be considered as a delay with respect to the period of delivery and installations and/or acceptance of delivery and installations under the contract or otherwise to the retirement of either party.

(d) Notwithstanding the provisions of the immediately foregoing clauses it is further understood and agreed between the parties hereto that in the event of any force majeure persisting for an uninterrupted period exceeding 6 (six) months, either party hereto reserves the right to terminate this contract upon giving prior written notice of 30 (thirty) days to the other party of the intention to terminate without any liability other than reimbursement on the terms provided in this agreement for the goods received.

29. **Risk and Expense Clause:** In the event of the contractor not supplying an item within the stipulated period, the customer (Dte of Information Technology, Air HQ) will be at liberty to procure the same from another source and in case the cost of the item(s) is/are higher than the present ordered cost, the extra cost shall be recovered from the contractor through deductions from bills pending against the present order or bank guarantee or any other payment due to the contractor.

30. **Arbitration.** In the event of any dispute or difference between the parties hereto, such dispute or difference shall be resolved amicably by mutual consultation or through the good offices of empowered agencies of the Beneficiary. If such resolution is not possible, then, the unresolved dispute or difference shall be referred to arbitration or an arbitrator to be nominated by Secretary, Department of Legal Affairs ('Law Secretary') in terms of the Office Memorandum NO. 55/3/1/75-CF, dated the 19th Dec_____, 1975issued by the Cabinet Secretariat (Department of Cabinet Affairs), as modified from time to time. The Arbitration Act 1940 (10 of 1940) shall not be applicable to the arbitration under this clause the. The award of the arbitrator shall be binding upon parties to the dispute. Provided however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to Law Secretary whose decision shall bind the parties finally and conclusively.

31. **Submission of Offers** The vendor offering a complete turnkey solution shall only be considered for participation in the commercial bids. Hence vendors should ensure that their bids are complete in all respects and include all hardware/software required for an integrated, workable solution conforming to the specification given. Vendors should clearly mention the need for any additional hardware/software component required for a workable solution in their technical and commercial offers in case it has not been included in the specifications/tender.

32. Once the supply order is placed, it will be the vendor's responsibility to make the project functional. Any additional cost incurred in hardware/software/ networking components required for completing the integrated turnkey project and for which the vendor has not bid at the time of submission of the final offer will be borne by the vendor.

33. Make, model and version (latest) will be specified for all the items. Complete technical specifications and literature for hardware, software and networking will be attached with the technical bid. Networking details will include implementation and network management details.

34. An offer received incomplete or ambiguous is likely to be rejected at the discretion of the Director Information Technology without recourse to further clarifications. The Director Information Technology also reserves the right to seek

clarifications with one or more vendors if considered necessary and also not accept any offer at all in case they are not reasonably priced.

35. Any condition / terms given in the technical or commercial bids by vendors will not be binding on the Director Information Technology. All the terms and conditions for the supply, delivery, testing and acceptance, payment, warranty, uptime, penalty will be as given herein and no change in any terms or conditions by the vendors will be acceptable. Alterations, if any, in the tender documents should be attested properly by the vendor, failing which the tender will be rejected. Vendors will not make any assumptions while submitting their bids. If required, clarifications will be sought prior to submission of bids.

36. Date and time of opening of commercial bid will be intimated at later stage to those firms whose technical quotes qualify for participation in the commercial bid.

37. All prices will be landed costs, inclusions of all taxes, freights etc. All items, for which excise duty is applicable, will be specified in the commercial bid and it will be inclusive in the cost. Vendor will be responsible to produce excise duty certificate in respect of all such items, whether manufactured by the vendor or otherwise if so desired by the IAF authorities.

38 You are requested to deposit your best offer (commercial and technical bids) in the tender box kept near reception at Air HQ (Vayu Bhawan), Rafi Marg, New Delhi-110 011 by ___ hrs on ___ Any offer received after this will be rejected. Tenders are not to be sent to Air HQ Computer Centre for depositing. Tenders are to be addressed to Director, Dte of Information Technology, Air HQ Computer Centre, Subroto Park, New Delhi-110 010

39. **Option Clause.** The purchaser will have the right to increase/decrease 25% Qty of the original order during the currency of the contract at the same terms and conditions at the same rates.

40. Please ensure that this is your best and final offer.

41. In the event of the tender enquiry number and other details as prescribed in this tender enquiry not being annotated in the manner prescribed on the cover and if the cover gets opened inadvertently by the staff such quotes may be rendered invalid. If the sealed bids are dropped in the wrong box they will also be rendered invalid as we don't have a system of getting tender boxes of other directorates opened because of such reasons.

42. Printed terms & conditions if any of the tenderers will not be considered. Deviations if any from tender specification should be highlighted failing which the offer will be treated as incomplete.

43. For clarification of specifications and other technical details please contact*****

44. The tender box is kept near reception office, Vayu Bhavan. The quotation can also be sent by courier/Regd post so as to reach before due date and time. No responsibility will be taken for postal delay or non-delivery/non-receipt of tender documents.

45. The sealed quotations will be opened in public in presence of bidders/authorized Rep. of firms on due date at 1135 hrs. Your representative should be in possession of an authority from your firm, in case, he is attending the tender opening. In case, due to any exigencies the due date for opening of the tenders is declared as closed holiday by the Govt., the tenders will in such cases, be opened on next working day at the ibid time.

46. Incomplete tenders will be rejected summarily without assigning any reason and the decision of the purchaser shall be final and binding on all parties.

Note: Vendors will submit their **techno-commercial** and **price** bid on the original tender document (including its appendices and annexure). Photocopies will not be accepted.

Yours faithfully,
Sqn Ldr
Dy Director IT
For VCAS

Encls: As stated

Annexure – I ..... Format of commercial bid and technical bid.

Annexure – II ..... Certificate: Acceptance of terms and conditions of the tender enquiry.

Annexure – III ..... Details of hardware and software at each site.

Annexure – IV ..... Application software: Modules to be developed.

Annexure – V ..... General guidelines for carrying out acceptance test.

Annexure – VI ..... Acceptance certificate after delivery.

Annexure – VII ..... Acceptance certificate on installation.

Annexure – VIII ..... Syllabi for training.

Annexure – IX ..... Calculation of downtime.

Annexure – X ..... Terms and conditions of AMC.

Annexure – XI ..... Down time calculation: Weightage factor

Annexure I to Appendix 'D'

SAMPLE COMMERCIAL BID

Sl No.	Items	Qty	Make	Model No	Rate	Amount
1 (a)	**PC** CPU – Intel P-III @ 800 MHz or above 133 MHz bus speed **Cache** – 256 KB full speed L2 Cache **RAM**- 128 MBSD RAM expandable to 512 MB **Graphics** – AGP integrated /separate with 4 MB VRAM **FDD** – 1.44 MB **HDD** – IDE 20 **GB or above** (Seagate/Samsung/PC OEM) **CD** -- **DVD 6X** or above **Ports** - 2S, 1P, 1 USB, 2 PS-2 (for key board and mouse) **Multimedia** – PCI/Integrated audio (Sound -blaster compatibility) with 120W speaker, mike, microphone + Head set **Ethernet** – 10/100 MBPS Ethernet Card PCI Dust cover (for CPU, monitor, keyboard) paper support clip **Windows ME** licensed Edition. Original media and documents to be provided. (No recovery CDs are allowed). Windows ME must be preloaded on all PCs General Specification PC must be Microsoft certified for Windows 98/ME/2000 FCC Class 'B' / ERTL Certification must be provided. PC brochure must be provided.					
(b)	Monitor –15" SVGA (Digital) (Microteck/LG/Samtron/OEM)					

(c)	107 Keys keyboard PS-2 with skin inter net enabled					
(d)	MS Mouse PS*-2 with pad inter net enabled					
2 (a)	**Server** P-III Xeon Server with internal clock speed 900 MHz or above up gradable to dual Xeon & future processor. 133 MHz or above FSB 3x9 (Plus) GB HDD Hot swappable. **LVD** (Ultra 2 SCSI) (80 MBPS/sec transfer rate) Hard disc controller. **Cache** – 512 KB full speed L2 external CPU Cache **RAM**- 256 MB ECC RAM with same speed as FSB expandable to 4GB. Graphics 16 bit or above VGA with 2 MB VRAM **FDD** – 1.44 MB 52 x CD ROM Drive DAT (12/24) GB **Ports** – 2S, 1P, 2 USB, 2 PS-2 (for key board and mouse) Keyboard & Mouse, I/O interface ports, 1 RJ-45 Network Jack.. **Slots** – 5 Or above PCI I/O expansion slots. **Network Adapter**-2 x 32 Bit PCI 10/100 MBPS Ethernet Adapter (Intel Ether Express Pro) **Power Supply** - Redundant hot swappable power supply. Mini tower with extra cabinet fan. Dust cover Server class machine with Server management, Security and Maintenance Software & tools. Dust cover . *Certified for Unixware					

(b)	15" Digital Colour Monitor SVGA**(Microteck/LG/ Samtron/OEM)**					
(c)	MS Mouse PS-2 with pad internet enabled					
(d)	107 Keys keyboard PS-2 with skin Internet enabled					
03	UPS 2 KVA Offline 30 Min backup SMF batteries and necessary chords. (ISO Certification must be provided)					
04	UPS 0.625 KVA offline minimum with 15 Min backup SMF batteries and necessary chords. (ISO Certification must be provided)					
05	Scanner A4 size (600x1200 dpi) with cable/cord for power and data (Brochure must be provided)					
06	Inkjet Printer A-4 size with cable/cord for power & data (Brochure must be provided) HP / Lexmark / Epson/OEM					
07	Laser jet Colour printer A-4 size with cable/cord for power and data (Brochure must be provided)					
08	Dot Matrix Printer 132 Col 300 CPS (High speed draft) 24 Pin with power and data cord (Brochure must be provided)					
09	Patch Cord 5'/7' (Lucent)					
10	Microsoft office XP Prof edition with media and documents (Latest)					
11	Unix 7.1 or latest with media and documents (25 user) with media and documents					
12	Visual studio 6.0 or latest (enterprise edition) with media and documents					
13	Adobe PhotoShop (latest) with media and documents					

4	Oracle 8i or latest for Unixware (25user) with media and documents					
Total						

Grand Total – in figures and words.

Note : All pages are to be signed by Auth. Signatory.

(Authorised Signatory of accompany)

Date :

Place :

Seal of company

SAMPLE TECHNICAL BID

S No.	Specification asked for	Qty	Make	Model No	Specification offered	Deviation if any
1 (a)	**PC** CPU – Intel P-III @ 800 MHz or above 133 MHz Bus speed **Cache** – 256 KB full speed L2 Cache **RAM**- 128 MBSD RAM expandable to 512 MB **Graphics** – AGP Integrated /Separate with 4 MB VRAM **FDD** – 1.44 MB **HDD** – IDE 20 **GB or above** (Seagate/Samsung/PC OEM) **CD – DVD 6X** or above **Ports** - 2S, 1P, 1 USB, 2 PS-2 (for key board and mouse) **Multimedia** – PCI/Integrated audio (Sound -blaster compatibility) with 120W speaker, mike, microphone + head set **Ethernet** – 10/100 MBPS Ethernet Card PCI Dust cover (for CPU, monitor, keyboard) paper support clip. **Windows ME** licensed Edition. Original media and documents to be provided. (No recovery CDs are allowed). Windows ME must be preloaded on all PCs General Specification PC must be Microsoft certified for Windows 98/ME/2000 FCC Class 'B' / ERTL certification must be provided. PC brochure must be provided.					
(b)	Monitor –15" SVGA (Digital) (Microteck/LG/Samtron/OEM)					
(c)	107 Keys keyboard PS-2 with skin Internet enabled					
(d)	MS Mouse PS*-2 with pad Internet enabled					

2 (a)	**Server** P-III Xeon Server with internal clock speed 900 MHz or above up gradable to dual Xeon & future processor. 133 MHz or above FSB 3x9 (Plus) GB HDD Hot swappable. **LVD** (Ultra 2 SCSI) (80 MBPS/sec transfer rate) Hard disc controller. **Cache** – 512 KB full speed L2 external CPU Cache **RAM**- 256 MB ECC RAM with same speed as FSB expandable to 4GB. Graphics 16 bit or above VGA with 2 MB VRAM **FDD** – 1.44 MB 52 x CD ROM Drive DAT (12/24) GB **Ports** – 2S, 1P, 2 USB, 2 PS-2 (for key board and mouse) Keyboard & Mouse, I/O interface ports, 1 RJ-45 Network Jack.. **Slots** – 5 Or above PCI I/O expansion slots. **Network Adapter**-2 x 32 Bit PCI 10/100 MBPS Ethernet Adapter (Intel Ether Express Pro) **Power Supply** - Redundant hot swappable power supply. Mini tower with extra cabinet fan. Dust cover Server class machine with Server management, Security and Maintenance Software & tools. Dust cover . *Certified for Unixware					
(b)	15" Digital Colour Monitor SVGA**(Microteck/LG/ Samtron/OEM)**					
(c)	MS Mouse PS-2 with pad Internet enabled					
(d)	107 Keys keyboard PS-2 with skin Internet enabled					
03	UPS 2 KVA Offline 30 Min backup SMF batteries and necessary chords. (ISO certification must be provided)					

04	UPS 0.625 KVA offline minimum with 15 minutes backup SMF batteries and necessary chords. (ISO certification must be provided)					
05	Scanner A4 size (600x1200 dpi) with cable/cord for power and data (Brochure must be provided)					
06	Inkjet printer A-4 size with cable/cord for power & data (Brochure must be provided) HP / Lexmark / Epson/OEM					
07	Laser jet colour printer A-4 size with cable/cord for power and data (Brochure must be provided)					
08	Dot Matrix Printer 132 Col 300 CPS (high speed draft) 24 Pin with power and data cord (Brochure must be provided)					
09	Patch cord 5'/7' (Lucent)					
10	Microsoft office XP Prof edition with media and documents (latest)					
11	Unix 7.1 or latest with media and documents (25 user) with media and documents					
12	Visual studio 6.0 or latest (enterprise edition) with media and documents					
13	Adobe PhotoShop (Latest) with media and documents					
14	Oracle 8i or latest for Unixware (25user) with media and documents					

Note : All pages are to be signed by Auth. Signatory.

(Authorised Signatory of accompany)

Date :

Place :

Seal of company

CERTIFICATE : ACCEPTANCE OF TERMS AND CONDITIONS OF TENDER

It is certified that all the terms and conditions as laid in the above paragraphs and anywhere else in the tender and its appendices are accepted by the company and we will abide by them. It is further certified that any cost incurred on additional hardware / software / networking components required to complete the integrated turnkey project would be borne by us.

Company seal **(Authorised Signatory of Company)**

Place : _____

Date : _____

Annexure-III to Appendix 'D'

DETAILS OF DISTRIBUTION OF HARDWARE AND SOFTWARE

HARDWARE	AFS Hindon	AFS B'lore	AFS Pune	AFS Thane	AFS Baroda	AFS Bhatinda	Total
1. Desktop	8	8	12	8	6	12	54
2. Printer DMP	3	3	5	3	2	2	18
3. Ink jet Printer 640 C	1	1	1	1	1	1	6
4. Laser Printer (6l Gold)	1	1	1	1	1	-	5
5, Scanner Colour (hp 5300 C)	1	1	2	1	1	-	6
6. UPS 600 VA	8	8	812	8	6	12	54

SOFTWARE	AFS Hindon	AFS B'lore	AFS Pune	AFS Thane	AFS Baroda	AFS Bhatinda	Total
MS Office Professional 2000	8	8	12	8	6	2	44
MS Office Client License	-	-	-	-	-	10	10

Annexure IV to Appendix 'D'

APPLICTION SOFTWARE : LIST OF MODULES TO BE DEVELOPED

1.	Module I	-	ADMINISTRATION
2.	Module II	-	CAMP
3.	Module III	-	TRANSPORT MANAGEMENT
4.	Module IV	-	MAIL MANAGEMENT
5.	Module V	-	ACCOUNTS
6.	Module VI	-	SECURITY
7.	Module VII	-	RAIL BRANCH
8.	Module VIII	-	IMPORT CLEARANCE
9.	Module IX	-	EXPORT CLEARANCE
10.	Module X	-	UN PEACEKEEPING MISSIONS
11.	Module XI	-	DOCUMENT RETREIVAL SYSTEM
12.	Module XII	-	QUERIES
13.	Module XIII	-	PERIODICAL REPORTS AND RETURNS
14.	Module XIV	-	EMAIL, MESSAGE AND WORK FLOW SYSTEM MANAGEMENT
15.	Module XV	-	SYTEM MANAGEMENT
16.	Module XVI	-	MANAGEMENT OF CARGO AND PASSENGERS TO ANDAMAN AND NICOBAR
17.	Module XVII	-	FINALISATION OF CONTRACTS ADMINISTRATION

GENERAL GUIDELINE : ACCEPTANCE TEST PROCEDURE (ATP)

1. **Introduction** Acceptance testing is an essential part of project implementation. It is at this stage that the user is to test and accept individual items as also the entire system. The physical delivery as per the supply order and performance as per the technical literature and parameters given in the contract are to be verified by a technically competent board of officers. As bulk of the payments due to the vendors is made after successful acceptance, it is imperative this is done diligently as well as expeditiously. Some general guidelines for the ATP are enumerated in the succeeding paragraphs.

2. **Suggested Composition**. A suggested composition for the ATP board is as given below : -

(a)	Presiding Officer	-	An officer of adequate seniority (not below Sqn Ldr) from the user/sponsoring agency well versed with the project and with sound IT backgrounds.
(b)	Member 1	-	An officer with adequate IT background.
(c)	Member 2	-	Logistics officer from the accounting unit at which items are being BOC / from Dte of IT.
(d)	Member 3	-	Any other competent member as desired by the CFA.
(e)	Member 4	-	Qualified engineer of the vendor.

3. **Conduct.** Since the payment terms and schedule are linked to the ATP, the ATP should commence expeditiously once the bulk of the hardware has been received. The board must endeavor to complete the proceeding at the earliest. Time frame for completion of the proceedings should invariably be laid down. If certain minor hardware has not been received, the ATP board may proceed with the ATP and make mention of the same in the ATP report. The balance hardware can be received subsequently and a supplementary ATP carried out.

4. **Responsibility of User**. The responsibilities of the user towards the conduct of ATP shall be as given below: -

(a) The user shall have the site readied for the conduct of ATP including adequate power points, adequate space to house & test the items, stable & well earthed power supply, tables, back up power supply (for the smooth conduct of burn out test) etc.

(b) Ensure availability of the members during the conduct of that ATP.

(c) ATP should be completed expeditiously. Any equipment not meeting specifications or any other observation should be raised in writing immediately to the vendor.

5. **Responsibility of Vendor.** The vendors responsibility towards the conduct of ATP shall be as given below: -

(a) Provide the necessary diagnostic software (standard software like AMI DIAG 5.0/COMPAQ diagnostics etc.)

(b) Ensure availability of a competent service engineer during the conduct of the ATP.

(c) Provide for speedy replacements of defective components so that ATP of the complete hardware may be completed in one go.

(d) Deliver the complete hardware in one go.

(e) Provide detailed blue print of the network layout.

(f) Provide necessary test equipment to verify throughput at the individual nodes and of the entire network.

6. **Time frame.** The ATP should commence once bulk of the hardware has been delivered and the board should endeavor to complete the ATP as soon as possible but not exceeding twenty working days from the date the hardware is delivered.

7. **ATP Guidelines.** Some guidelines for acceptance testing of various systems are as enumerated below: -

(a) Receipt of hardware and software delivered by the vendor.

(b) Physical check of all packages and boxes.

(c) Checking the items received as against the quantities mentioned in the supply order.

(d) Carry out the acceptance testing of the PCs, Servers and other peripherals at the place of delivery. Acceptance certificate required for making payment against delivery will be issued at this stage as per **annexure VI to appendix A.**

(e) Shipment of the hardware and peripherals to the various locations as per details given in the supply order (if applicable) under arrangements of the vendor.

(f) Establishment of the network and installation and integration of the various components of the networks.

(g) Set up e-mail for all users (if applicable)

(h) Carry out acceptance testing of the network/integrated system.

(j) The report of the board of officers shall give the date-wise details of hardware receipts.

8. **Acceptance Testing of Stand Alone Desktops.**

(a) Configuration of the hardware including the peripherals should be as per the supply order.

(b) All machines should be checked physically to ensure all order items are supplied as contracted.

(c) It should be ensured that all computers meet the specifications as per the supply order. Print out of the diagnostic software report giving details of performance of the PCs should be taken. (The vendor should provide the diagnostic software).

(d) The performance of each component of the system should be tested.

(e) Each component must be checked for its specifications that i.e. hard disk, network card, RAM etc.

(f) All the software being provided must be the latest and complete with all manuals. They must include the licenses, Media (CD ROM) and certificate of authenticity.

(g) Software that has been contracted for as preloaded (Operating System, Office Automation Software, Anti Virus Software should be loaded by the vendor). Additionally the software should be supplied with Media (CD ROM) documentation and Certificate of Authenticity. The requisite number of media, licenses, and certificates of authenticity as indicated in the supply order should be checked.

(h) Monitors should be checked for their correct settings and there should be no flickering.

(j) The UPSs should be checked for their complete range and standby characteristics as asked for in the supply order and as per the technical literature.

(k) All CD-ROM drives must be checked for their correct configuration.

(l) All printers should be tested for their functioning and sample printouts taken. Printer self tests is a good means to check their services.

(m) Software for the UPS (if contracted) should be compatible with the Operating System asked for. The UPS should be tested for provision of the required backup time at the specified load.

9. **Acceptance Testing for Networks.**

(a) All the steps mentioned above shall be valid for a network also, when individual components are tested in a network.

(b) A complete blue print of the network giving actual cable layout, hardware distribution, power distribution etc should be provided by the vendor and verified on ground.

(c) The network should be fully integrated, which should include Server, clients, hubs/switches and all other peripherals. Individual ports should be checked for serviceability.

(d) Dial up connectivity where applicable should be verified between different locations.

(e) The complete network to include all packages of the Network Operating System (with the requisite number of user licenses) will be installed and configured as per the requirements of the user given in the supply order. The user shall thereafter verify the configuration.

(f) All the shared resources on the network such as printers, etc shall be tested by firing jobs from the clients. The necessary driver software for these shared devices shall be loaded on the clients and the user shall verify the same.

(g) All the software including the Network Management Software. Antivirus Software shall be supplied with Media (CD ROM) documentation and certificate of authenticity.

(h) The through out at individual nodes and of the entire network should be verified.

10. **Finalization of ATP Proceedings.** The ATP board shall finalize the ATP proceedings at the earliest and forward written report including all test documents for approval of the proceedings.

11. **Acceptance Testing of Application Software.** The testing of Application Software will be based on the SRS and design documents and follow the Software Test Plan and Software Test Disruptors.

ACCEPTANCE CERTIFICATE : DEIVERY OF EQUIPMENT AGAINST SUPPLY ORDER No _____ dated _____

1. Certified that all the computers, peripherals networking components and software mentioned in the supply order No. Air HQ/ /DIT dated _____ has been physically checked and tested as per the testing procedures mentioned in the above mentioned supply order. All the items are found to be correct and meet the specification mentioned in the supply order and tallies with print out of the AMI Diag/Compaq Diag of each computer.

2. The Board proceedings are being forwarded separately.

(Name of the Officer)
Rank
Presiding Officer

Office Seal

Date :

Annexure VII to Appendix 'D'

ACCEPTANCE CERTIFICATE ON INSTALLATION

SUPPLY ORDER No. dated

Certified that the hardware/bought out commercial software/ networking/training/application software mentioned in the supply order No. Air HQ/_____/DIT dated _____has been satisfactorily installed and al the components have been integrated into the network environment.

( )

Rank

Presiding Officer

Office Seal

Date :

DETAILS OF USER TRAINING TO BE IMPARTED TO IAF PERSONNEL

1. The training required to be imparted to IAF personnel, as part of the turnkey project will comprise of two categories of courses. The first is for the system administrators and application developers and will be of six weeks duration. The second also of six weeks duration will be for operators.

2. Suggested syllabi for each of the courses are as follows: -

(a) Course for System Administrators & Developers: 06 weeks (each)

(02 batches of 15 personnel each)

(i) Unix Administration

(ii) Network Installation & Administration

(iii) Oracle RDBMS

(iv) Oracle Developer

(v) Delphi Development

(b) Course for Operators

(03 batches of 15 personnel each)

(i) PC & Windows 2000

(ii) UNIX

(iii) Oracle & Oracle Developer

3. Training will be conducted by instructors of Authorised Institutes of Oracle and Unixware at **Air Force Stn, Guwahati**, on equipment provided by the vendor. Course contents will be provided by the Air HQ as per above.

Annexure IX to Appendix 'D'

CALCULATION OF SYSTEM AVAILABILITY

1. The system availability shall be calculated as given below: -

(a) **Weightage factor.** In order to calculate the system down time, a weightage factors, as given out in Annexure XI have been assigned for each sub system/system. Down time of each sub system, which will contribute towards down time of the whole system, will be obtained by taking the product of the weightage factor and the down time (in hrs) of each sub system.

(b) **Down Time.** The number of hrs a sub system is down shall be the time elapsed, four working hours after the malfunction is reported to the CONTRACTOR by the CUSTOMER, to the time the sub system is handed back to the CUSTOMER, after repair/rectification. Methodology of calculation of downtime is as given in the tender.

2. Sub-system/System down time does not include the following: -

(a) Call has to be planned within contracted maintenance hours.

(b) Time for which the machine is shut off due to failure of power or causes other than machine breakdown.

(c) Sundays and holidays will be included in the downtime only if a complaint is logged with the CONTRACTOR by 1300 hrs on the day preceding the Sunday/holiday. In case the complain is logged after 1300 hrs on the day preceding the holiday the holiday (or holidays if there is more than one continuous holiday) will not be taken in downtime but all subsequent holidays, till the complain is rectified, will be taken into account.

5. The CUSTOMER will maintain proper monthly efficiency report and these will be signed by the CONTRACTOR's representative. CUSTOMER will also maintain proper records of the date and time of call logging and will also record the complaint No. given by the CONTRACTOR when the complaint is logged. This record will be signed by the service engineer of the CONTRACTOR when he visits to rectify the compliant.

Calculation of Down Time

No. of hrs Sub System x down – X Hrs.

(No of working days sub-system X down * 8)

Weightage factor of Sub-System X-Y (From Annexure x)

Weighted Sub-system downtime- x* y = z (hrs)

Total System Down Time (TSDT) in hrs = Sum of contribution of weighted down time of all Sub Systems = > TSDT (hrs) = Z1 + Z2 +..... Zn (where Z1, Z2 are weighted system down times of each sub-system comprising the system).

TSDT (days) = TSDT (hrs)/8.

Actual System Uptime percentage = (No. Working days – TSDT in days) x 100 = U%

Required System Uptime = 95%

(For Server = 99%)

IF REQUIRED SYSTEM UPTIME IS GREATER THAN ACTUAL SYSTEM UPTIME

Deviation in Sys Uptime =

$$\frac{\text{(Required Sys Uptime – Actual Sys Uptime)}}{\text{Required Systems Uptime}} \times 100 = \frac{(95\text{-}U)}{95} \times 100$$

TERMS AND CONDITIONS FOR AMC

1. **Bank Guarantee for AMC.** The entire AMC period will be covered by a bank guarantee equal to the annual value of the AMC. This bank guarantee will be renewed every year and will be valid for a period of 13 ½ months commencing at the date of commencement of the AMC every year. Bank guarantee from any nationalised bank will be pledged in favour of IFA/CDA.

2. **Commencement of AMC.** If the customer decides to exercise the option to enter into AMC upon expiry of the free warranty period, the agreement for AMC will be signed with the appropriate authority one month prior to the expiry of the free warranty period. In case of failure to do so, bank guarantee for warranty submitted by you will be encashed.

3. **Renewal of AMC.** The AMC will be renewed every year 12-calendar months from its commencement at the option of the user. If the customer decides to exercise the option to renew the AMC on expiry of the previous years AMC, the agreement for the renewed AMC will be signed with the appropriate authority one week prior to the expiry of the previous year's AMC. In case of failure to do so, bank guarantee for previous years AMC, submitted by you will be encashed.

4. **System Maintenance.** In order to ensure functionality during the lifetime (six years) of the systems being procured, the vendor would provide system maintenance, which would include hardware maintenance, networking and software (system and application). During the period, the vendor will ensure that the system continues to perform in exactly the same manner as at the time of acceptance.

(a) **Hardware.** Hardware supplied would be repaired on site. The user would approve any equipment being move out off site for repairs, if required.

(b) **Networking**. Networking maintenance will include periodic testing, at mutually decided periodicity in addition to attending to any breakdowns on occurrence, of the networking circuits which includes cabling, hubs and all other networking components and networking software. All active and passive components will be covered under networking maintenance.

(c) **Software Maintenance.** This would consist of system and application software.

(m) Commercial Software. Your responsibility in this regard would be limited to providing updates/upgrades, which come free of cost from the principal source. The customer will not be asked to download the updates from Internet. You will also provide upgrades of anti-virus software as and when issued. As and when the user wishes to upgrade commercial software vendor would provide complete assistance during the maintenance period. RDBMS support is compulsory at your and OEM level. In case of a crash will be responsible for reloading the OS or RDBMS as the case may be and recreating the operating environment including the databases, subject to proper backup made available to you by the user. **One copy of all the media for all commercial software as a backup will be prepared by you and give at HQ, as permissible by OEM.**

(ii) **Application Software.** Following provisions are mandatory for this support.

(aa) **Reliability Guarantee.** You will maintain a 48 hours response time on all days including Sundays and holidays. If the user discovers an error in the accepted software that prevents the user from performing in accordance with the documentation provided by you, the user shall notify the error. You will provide analysis of the error as well as carry out sample runs for the affected module. Ensuring updating of the data and its integration with rest of the modules would be vendor responsibility. You will also provide an updated version of the program, which would correct the error. The program would be delivered in the same form and quantity as the original version and shall be accompanied by updated documentation. **You shall on a monthly basis provide routine bug status reports. Responsibility to maintain complete log of the error reporting and downtime shall be yours and the same would be audited by a team designated by the user.**

(ab) **Reloading.** In case of a crash you will be responsible for reloading the application software and recreating the operating environment including the databases. However, creation of backups will be user responsibility.

(ac) **New Release Clause.** You will notify the user of availability of upgrades. Upon written confirmation from the user you will provide upgrades and ensure its integration within 30 days provided there are no structural changed in the design. Provision of upgrades for RDBMS and anti-virus software is obligatory and should be done by you without request.

(ad) **Renewal Option.** You will ensure maintainability of the application software for a period of seven years after the warranty provided the AMC is contracted with you. An option to renew the contract or provide/develop a new version of the software is to be given to the user on terms and conditions worked out afresh.

5. Payment due from the CUSTOMER under contract shall be paid in arrears towards the end of the corresponding half yearly period, in two equal installments. The CONTRACTOR will forward the invoice along with pre-receipted bill to the CUSTOMER IMMEDIATELY AFTER EXPIRY OF HALF YEARLY PERIOD.

6. Vendor will ensure 95% systems availability (uptime) during the AMC period. Methodology for calculation of downtime will be as per Annexure IX to Appendix 'D' In case the uptime works out to be less than 95% but more than 60%, the contractor agrees to the percentage rebate which will be adjusted in the payment to be made at the end of the corresponding six monthly period. The CONTRACTOR also agrees that no payment will be due to him for half yearly period during which, if he fails to maintain uptime of 60%.

7. In case of breakdown of any equipment/ancillaries, the downtime will commence after four working hours after informing the contractor's Customer Support Department (s). If the CONTRACTOR fails to rectify the defect ever after expiry of seven days from the date, the defect was first reported, the CUSTOMER shall have the right to get the defect rectified by a third party without affecting the CONTRACTOR'S obligations for maintenance of the systems under this contract. Payment thus made to the third party will

be deducted from the amount due to the CONTRACTOR under this contract. In case the payment to the third party exceeds the amount due to the CONTRACTOR the same will be recovered from the bank guarantee provided by the CONTRACTOR.

8. The CONTRACTOR will provide AMC for all items mentioned at Appendix _

9. The maintenance service does not include -

(a) Electrical work external to the accessories, attachments, machine or other devices not covered under the CONTRACT.

(b) Furnishing platens, supplies of accessories, paining or refinishing of machines or furnishing material therefore, making specification charges or performing a service connected with relocation of machines or addition or removing accessories, attachments of other devices.

10. (a) During AMC, the vendor will repair/replace without any cost any equipment/part/accessory, which becomes defective except items of a consumable nature.

(b) During the AMC period all benefits received by you from the OEMs, for any equipment pertaining to third parties will be passed on in too to the buyer.

(c) Unserviceable hard disks will be repaired at site. Hard disks beyond repair at site will be replaced with new or serviceable hard disks of equal or better specifications. Unserviceable hard disks **will not be returned** to the vendor under any circumstances, but will be destroyed at site by IAF authorities.

(d) AMC shall include replacement of all unserviceable parts other than floppies, CDs, ribbon, cartridges and toners. Batteries, plastic parts and printer heads will be covered under AMC.

11. In case of termination of contract, the CONTRACTOR will hand over the system in fully functional state. If the CONTRACTOR fails to hand over the complete system in fully functional state at the time of termination of contract, the CUSTOMER shall have the right to get the system repaired by any third party at the expense of the contractor and recover cost from the bank guarantee.

12. The AMC shall include both preventive and corrective maintenance to be carried out by CONTRACTOR of the computer systems of the CUSTOMER.

13. Required preventive maintenance of the equipment shall be provided by the CONTRACTOR quarterly during the CUSTOMER'S normal working hours and normal working days. The maintenance service will be normally offered between 0900 AM to 5.30 PM on weekdays, including Saturdays, but excluding Sundays and gazetted holidays.

Annexure 'XI' to Appendix 'D'

DOWN TIME CALCULATION : WEIGHTAGE FACTOR

Nomenclature	Weightage Factor (Y)
Main Server	
HDDs	1.0
Monitor/Graphics Adapter	1.0
Motherboard/Memory/SCSI Controller	1.0
FDD	0.10
DAT	0.25
CD ROM DRIVE	0.20
UPS/UPS SOFTWARE\	1.0
KEYBOARD	1.0
MOUSE	0.75
ETHERNET CARD	0.95
OS	1.0
ANY OTHER COMPONENT OF MS BACKOFFICE	0.80
Terminals	
HDD	1.0
Monitor/Graphics card	1.0
Motherboard	1.0
FDD	0.2
CD ROM Drive	0.2
CVT	1.0
Keyboard	0.75
Mouse	1.0
Ethernet Card	0.9
OS	1.0
Hub/Switches	
All nodes connected to the Hub/switch	1.0
Printers	
Laser	0.50
DMP/Inkjet	0.25

Appendix-'E'

SAMPLE SUPPLY ORDER

Tele :
Technology

Dte of Information

Air HQ Computer Centre
Subroto Park
New Delhi – 110 010

Air HQ/99026/138/DIT
2002

Mar

M/S _____

SUPPLY ORDER No. /2002-03

SUPPLY ORDER FOR

Dear Sir,

1. Please refer to our letter of Intent (LOI) No _____ dated_____ and your letter dated_____. A formal contract is hereby placed on you for and on behalf of the President of India for the supply of items mentioned in **Annexure 'II'** and on terms and conditions mentioned in **Annexure 'I'.**

2. Please acknowledge receipt of this supply order within seven working days from date of issue of this supply order, on the performa attached at **Annexure 'III** of hereto with a copy to the consignee. In case acknowledgement is not received within the target date it would be assumed that the said supply order has been accepted unconditionally.

3. Please quote on all letters and invoices the number and date of this letter and supply order number for reference.

4. Your quotation and letters referred to above and this supply order and the schedules, appendix and annexure, annexed hereto, together with your letter of acknowledgement thereto, as **Annexure 'II', Appendix A** shall be the sole repository of this transaction.

( )
Sqn Ldr
Dy Director IT
For VCAS

Encls :

1. Annexure-I (Schedule of terms and conditions of supply order)
2. Annexure-II (Details of hardware and software)
3. Annexure-III (Certificate for acceptance of terms and conditions by the (vendor)
4. Annexure-IV (BG performa)
5. Annexure-V (List of modules to be developed Same as Annexure VI to

SCHEDULE : TERMS AND CONDITIONS OF SUPPLY ORDER

1.	Office of issue	:	DIT, Air HQ Computer Centre, Subroto Park New Delhi – 110 010
2.	Name & address of the Contractor	:	M/s.....
3.	Name of Purchaser	:	The President of India
4.	Contractor's quotation No & date	:	Quotation No..... dated ---------
5.	Condition of the contract	:	The general conditions as given here under, shall apply and no other terms and conditions will given the supply order.
6.	Specification governing supply	:	The items being supplied will conform to the specification given at Annexure 'II'.
7.	Quantity ordered	:	As given at Annexure 'II'
8.	Price per unit (incl, of Taxes and duties)	:	As given at **Annexure 'II'.**
9.	Total Price	:	**Rs**_____**/- Rupees** _____**only)**
10.	Consignee	:	_____
11.	Paying Authority	:	CDA (AF) West Block, RK Puram New Delhi
12.	Head of Account	:	Major head 2076, Minor head 110 (1), detailed head 754/02

13 **SECURITY DEPOSIT:- Every Contractor shall deposit security deposit** at the rate of 5% (five percent) of the total value of each contract they secure before or **within 20 days of the receipt of acceptance** of tender along with acknowledgement copy of Supply Order, failing which the Purchaser may cancel the contract and invoke where such other remedies as may be open to the purchaser including Contractor's deregistration.

In case of risk purchase, if the quotation of the defaulting firm happens to be lowest and technically acceptable, they will be required to furnish security deposit equivalent to the difference between his quotation and the next best technically acceptable quotation or 10%(10 percent) of the proposed contract value whichever is more in any of the forms specified below within 15 days of the intimation to them for admission of the said security transit failing which their offer will be ignored and placement of the contract on the next best offer will be considered.

The security deposit would be in any of following approved forms **in favour of CDA(AF), New Delhi / JCDA (AF), 2nd Floor, NS Building, Civil Lines, Nagpur -**

440 001 and should be valid during the currency of contract unless otherwise specified. Government securities issued by the Government of India or any of the States in the Union of India shall be accepted at 5% below the market price or the face value, whichever is less. All securities shall be pledged to the President of India. No claim shall lie against the purchase either in respect of interest if any, due on security deposits or depreciation in value.

(a) Bank Deposit Receipts or Fixed deposit receipts or Demand Drafts of any of the scheduled commercial banks.

(b) Treasury Receipts.

(c) Government Promissory Notes and stock certificates of the Central Govt.or State Govt.

(d) National Saving certificates, Post Office Cash Certificates, Post Office Savings Bank Pass Books and Kisan Vikas Patra.

(e) Bonds / Security Certificates issued by and under the authority of Central / State Government.

(f) Bank guarantees from any nationalized bank for a total period of more than 06 months from expiry of DP.

No claims shall lie against the purchaser either in respect of interest or any depreciation in value of any security. In case of bank deposit receipt the purchaser shall not be responsible for any loss that may result on account of failure of such bank.

If the Contractor fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the purchaser to forfeit either in whole or in part, the security deposit furnished by the Contractor. Save as aforesaid, if the contractor duly performs and completes the contract in all respect and presents absolute **"NO DEMAND CERTIFICATE "** in the prescribed form and returns in good conditions, the specifications, drawing and samples or other property belonging to the purchaser, the Purchaser shall refund the security deposit to the contractor after deducting all costs and other expenses that the purchaser may have incurred and all does and other moneys including all losses and damages which the purchaser is entitled to recover from the Contractor.

14 **Project Details**. The Project involves the automation of _____, on a **'Turnkey Basis'** including establishment of LANs as indicated at para .....and development of application software. Development and installation of application software is to be completed within **six months** from the date of sign off of the SRS. After final Acceptance and Testing Procedure (ATP) of hardware, networking and application software, a parallel run of complete system shall be done for a period of two months, which shall include use of live data. Subsequent training of _____ personnel on application software is also to be carried out for 20 personnel for a period of 24 working days. Training will commence within one month of the acceptance of the application software.

15. The project involves the automation of _____ _____ which would involve: -

(a) The deployment of hardware, commercial software and complete networking at _____ and _____.

(b) Development, testing and deployment of application software and its acceptance at _____. The application software

developed would subsequently be required to be ported to _____,_____.

16. **Delivery and Implementation Time Schedule.** Details of project implementation are as under :-

(a) **Hardware and Commercial Software** :-

(i) Delivery of all hardware, commercial software and networking components at _____ will be made within **eight weeks of acceptance of the firm supply order or within nine weeks of placement of firm supply order, which ever is earlier.**

(ii) LAN is to be established and all components will be integrated within **Six weeks** of completion of Acceptance testing after delivery at _____.

(b) **Application Software**

(i) System study and SRS sign off (D Day) - Four months

(ii) Preparation and acceptance of conceptual & physical design - D + 2 months

(iii) Design and development of prototype and its Installation & acceptance. - D + 5 months

(iv) Installation & acceptance of integrated system - D + 6 months

(c) Handing over of system complete in all respect to _____ within **six months** from the date of sign off of the SRS. The time will run concurrently both for hardware and application software from date of acceptance of the supply order or from one week after issue of supply order which ever is earlier.

17. **Networking**. A _____**node LAN** will be established **at**_____ and a seven **node LAN** at _____ _____. All the four locations given in the tender will be connected to each other through a dial up connectivity using a 56 Kbps modem.

18. Networking at the two locations will be configured in an optimized way. The cabling will be structured and must conform to Cat V specifications.

19. **Application Software Development.** The software will be developed for _____HQ _____ and the areas, which are to be automated, are as follows: -

(g) Automation of activities in the _____ Branch

(h) Automation of activities in the _____Branch

(i) Automation of activities in the _____Branch

(j) Automation of activities in the _____ Branch

20. The various modules that are required to be developed are as given at **Annexure 'V'**. These modules required shall be correctly identified during system study phase and suitably integrated later to work in an optimized way. Various other document

deliverables as given in subsequent paragraphs shall be jointly signed and approved prior to start of coding.

Acceptance of the System

21. (a) **Hardware Acceptance**. This will involve the following activities :-

(i) Installation of servers and clients along with necessary operating systems and other peripherals such as printers.

(ii) Testing of the hardware in stand-alone mode and in a networked environment after integration.

(ii) Obtain hardware sign-off.

(b) **Hardware Implementation**

(i) Provide support for acceptance and train users on the system software.

(ii) Obtain sign-off on hardware deliverables.

(c) **Networking**. This will involve the following: -

(iii) Obtain networking sign-off.

(v) Installation of network.

(vi) Testing of network.

22. **Software** System study of _____ will be carried out. _____ staff will be co-opted. Reps of _____ HQ _____ and _____ will also be co-opted by the user at the system study stage.

23. At the end of system study an SRS will be submitted which will be approved by the user. This will form the basic document for further progress. The SRS will be submitted and accepted **within four months** from the date of acceptance of the supply order or from one week after issue of supply order whichever is earlier.

24. Features in the application software should include: -

(a) Three-tier architecture.

(b) Access to various modules and sub-modules be through user ID and password.

(c) Context-sensitive help to be made available as and when required.

(d) Menu driven facility to provide backups on regular basis.

(e) The software application will be GUI based.

(f) The solution will be Y2K compliant.

25 Following software development tools should be used for _____ :-

(a) **Front end.** Visual Basic and MS-Access.

(b) **Back end.** MS SQL Server 7.0 (or latest) and MS-Access.

(c) **Environment.** Windows NT/Windows 200 Advance server

(d) **CASE Tool.** Rational studio suites for analysis, test and development will be used. Rational unified process will be used through out the software development life cycle and outputs of these tools with respective repository shall be handed over where applicable

(e) **Security.** Minimum C2 security level will be catered for in the application software.

26 **Software Standards. IEEE 12207 processes shall be used during the entire development process and MIL-STD-498** for documentation at different stages of software development is to be strictly adhered to.

27 **Deliveries during implementation of application software.**

(a) Following deliverable shall be submitted by the development agency:-

(i) **Deliverables in pre SRS Stage**

(aa) Operational concept description.

(ab) Software development plan (to be signed off before coding).

(ac) System/sub system specifications.

(ad) System/sub system design description.

(ae) Interface design description.

(ii) **Deliverables in SRS preparation stage**

(aa) Software requirements specifications (to be signed off before coding).

(ab) Interface requirement specifications.

(ac) Software test plan.

(ad) Software installation plan.

(iii) **Deliverables in design stage.**

(aa) Software design description.

(ab) Database design description (to be signed off before coding).

(ac) Software test description (it shall be ensured that as far as possible live data shall be used and this data shall be collected as early as SRS preparation stage. Development agency shall use its own resources for this purpose).

(iv) **Deliverables after design stage.**

(aa) Tested and properly documented programs (source codes). Finally accepted program shall be demonstrated for actual compiling and it shall be handed over as an installable copy.

(ab) Software test report.

(ac) Software installation plan.

(ad) Software user manual.

(ae) Software version description.

(af) Software product specifications.

28. **Acceptance Testing.** Delivery of all hardware, commercial and application software and networking components will be at _____. The system will be subjected to detailed acceptance testing procedure to test individual components and successful integration of all components. The details of the procedure will be worked out jointly by the vendor and the user. The general guidelines for carrying out the acceptance test are as per **Annexure VI.** The specifications of the equipment should be in conformity with the details provided by the vendor and as per the given specifications. The user would issue an acceptance certificate on successful completion of acceptance testing as per **Annexure VII.** The date of issuing the acceptance certificate would be deemed to be the date on which the warranty will commence. On establishment of LAN and integration of the hardware components in the LAN an installation certificate will be given by the user as per **Annexure VIII.**

29. **Performance Bank Guarantee.** Being a turnkey solution including hardware, and networking, **10% of the complete cost of project shall remain under bank guarantee till the expiry of the warranty as performance warranty.** The vendor shall furnish a performance bank guarantee equal to ten percent (10%) of the total value of the contract within **seven days** of the receipt of the supply order. In case of non-adherence to the delivery schedule for all deliverables of the project as given above in para 16, liquidated damages will be deducted from this amount. **Bank guarantee will be valid till expiry of the warranty.** The performa for bank guarantee is given at **Annexure IV.**

30 **Paying Authority AF Account Branch.**

31. **Payment Terms.** Payment terms are as under:-

(a) **Hardware, Software and Networking Components and Training**

(i) Up to **50%** of the total cost (less cost of training) of the order on delivery & acceptance of the hardware, software and networking components at the place of delivery.

(ii) Up to **40%** of the total cost (less cost of training) of the order on installation of the systems at various user locations by the vendor's representative and acceptance of complete system encompassing LAN and WAN by Air HQ/Command.

(iii) **10%** of the total cost of the order against bank guaranty (valid for thirteen months) for performance during warranty period, from the date of acceptance of systems by the user.

Appendix 'D')

6. Annexure-VI (Acceptance testing procedure – Same as Annexure)
7. Annexure-VII (Acceptance certificate on delivery – Same as Annexure VI to Appendix 'D')
8. Annexure-VIII (Installation certificate – Same as Annexure IX to Appendix 'D')
9. Annexure-IX (Terms and conditions for AMC-same as Annexure X to Appendix 'D'
10. Annexure-X IX (System availability and downtime – Same as Annexure to Appendix 'D')
11. Annexure-XI (Weightage factors for calculating downtime)
12. Annexure-XII (Syllabi for training – Same as annexure VIII to Appendix 'D').

Ink Signed Copy to :-

1. CDA (AF), West Block, RK Puram, New Delhi-110 066.
2. Dir of Audit, Min of Def, New Delhi.
3. IFA – The issues in concurrence with your U.O. No. _____ _____ dated _____
4. User Agency
5. User Agency's HQ
6. Air HQ Computer Centre

(iv) Cost of training (100%) will be paid on issue of satisfactory certificate by the end user.

(g) **System Study**

(i) Upto 50% on completion and acceptance of OCD.

(ii) Upto 50% on completion and acceptance of SSS, IRS, networking architechure and draft RFP.

(c) **Application Software**

(i) Upto 25% of the cost of application software on completion and sign off of the SRS document.

(ii) Upto 25% of the cost of application software on completion and sign (iii) Upto 25% of the cost of application software on tersting and acceptance of the software.

(iii) Upto 25% of the cost of application software on completion of successful installation and training.

(d) **Hardware, Software, Peripherals and Networking Components (without installation)**

(i) In case installation is not required up to **90%** of the total cost of the order after delivery, inspection & acceptance of the hardware, software, peripherals and networking components at the place of delivery.

(ii) **10%** of the total cost of the order against bank guaranty (valid for thirteen months) for performance during warranty period, from the date of acceptance of systems by the user.

32. **Liquidated Damages.**

(a) The supplier shall carry out supply and installation of all equipment and software according to the schedule stipulated in the supply order. The time frame and the date of delivery and installation mentioned in the supply order shall be deemed to be the essence of the supply order. The delivery and installation must be completed not later than the date specified therein.

(b) In the event of the failure of the supplier to complete delivery and installation of the said equipment, associated peripherals and software within the stipulated time, the Government of India shall at their option be entitled to recover from the supplier as agreed liquidated damages, and not by way of penalty, a sum of **.5 % (half percent)** of the price of agreed cost of supply of equipment, associated peripherals and software as aforesaid for every week thereof, during which the delivery and installation may be in arrears, not exceeding 10% of total contract value.

(c) The supplier's liability for delay shall not exceed 10% of the ordered price. If the delay is longer than **ten weeks** the Government of India shall, except as provided hereinafter, be entitled to cancel the order in full or in part at their sole discretion without any financial repercussions on Government of India.

(d) Govt of India will have the option to buy the hardware, software from the market at the vendor's risk and cost. The mode and method of such risk purchase would be at the total discretion of the customer - Dte of Information Technology.

(e) If any delay in supply and installation arises from Force Majeure circumstances, the Government of India may consider additional time as necessary under the circumstances of the case provided that supplier shall be responsible for keeping the Government of India informed of circumstances which may lead to the delay of supply and installation of equipment within fifteen days of the occurrence of such circumstances and also immediately when such circumstances come to an end failing which no Force Majeure circumstances will be acceptable to the Government of India.

33. **Method of recovery of liquidated damages.** The amount charged as liquidated damages should be deducted by the customer from the amount due for payment to you. If the amount of such LD exceeds the payments due to you, you shall within 30 (thirty) days make payment to the customer in FULL & FINAL settlement of claims failing which the bank guarantee will be encashed to make good the amount exceeding the payments due to you.

34. **System Maintenance.** In order to ensure functionality during the lifetime (six years) of the systems being procured, the vendor would provide system maintenance, which would include hardware maintenance, networking and software (system and application). During the period, the vendor will ensure that the system continues to perform in exactly the same manner as at the time of acceptance.

(a) **Hardware.** Hardware supplied would be repaired on site. The user would approve any equipment being move out off site for repairs, if required.

(b) **Networking**. Networking maintenance will include periodic testing, at mutually decided periodicity in addition to attending to any breakdowns on occurrence, of the networking circuits which includes cabling, hubs and all other networking components and networking software. All active and passive components will be covered under networking maintenance.

(c) **Software Maintenance.** This would consist of system and application software.

(i) **Commercial Software.** Your responsibility in this regard would be limited to providing updates/upgrades, which come free of cost from the principal source. The customer will not be asked to download the updates from Internet. You will also provide upgrades of anti-virus software as and when issued. As and when the user wishes to upgrade commercial software vendor would provide complete assistance during the maintenance period. RDBMS support is compulsory at your and OEM level. In case of a crash will be responsible for reloading the OS or RDBMS as the case may be and recreating the operating environment including the databases, subject to proper backup made available to you by the user. **One copy of all the media for all commercial software as a backup will be prepared by you and give at HQ, as permissible by OEM.**

(ii) **Application.** Following provisions are mandatory for this support.

(aa) **Reliability Guarantee.** You will maintain a 48 hours response time on all days including Sundays and holidays. If the user discovers an error in the accepted software that prevents the user from performing in accordance with the documentation provided by you, the user shall notify the error. You will provide analysis of the error as well as carry out

sample runs for the affected module. Ensuring updating of the data and its integration with rest of the modules would be vendor responsibility. You will also provide an updated version of the program, which would correct the error. The program would be delivered in the same form and quantity as the original version and shall be accompanied by updated documentation. **You shall on a monthly basis provide routine bug status reports. Responsibility to maintain complete log of the error reporting and downtime shall be yours and the same would be audited by a team designated by the user.**

(ab) **Reloading.** In case of a crash you will be responsible for reloading the application software and recreating the operating environment including the databases. However, creation of backups will be user responsibility.

(ac) **New Release Clause.** You will notify the user of availability of upgrades. Upon written confirmation from the user you will provide upgrades and ensure its integration within 30 days provided there are no structural changed in the design. Provision of upgrades for RDBMS and anti-virus software is obligatory and should be done by you without request.

(ad) **Renewal Option.** You will ensure maintainability of the application software for a period of seven years after the warranty provided the AMC is contracted with you. An option to renew the contract or provide/develop a new version of the software is to be given to the user on terms and conditions worked out afresh.

35. **Warranty.**

(a) The date of issuing the acceptance certificate after installation in case the same is involved or the date of acceptance of the systems after delivery would be deemed to be the date on which the warranty will commence.

(b) Vendors will provide one year free on site comprehensive warranty for the complete system to include hardware, operating system, networking and application software.

(c) The vendor will also guarantee to provide spares and consumables on payment for a period of five years irrespective of AMC. The customer will be at liberty to obtain the same from other sources.

(d) During warranty, the vendor will repair/ replace without any cost any equipment/part/accessory, which becomes defective except items of a consumable nature.

(e) During the warranty period all warranty benefits received by you from the OEMs, for any equipment pertaining to third parties will be passed on in toto to the buyer.

(f) The buyer may invoke the bank guarantee in case you fail to ensure rectification of defects within two weeks of the defect being intimated to you.

(g) Vendor will ensure 95% systems availability (uptime) during the warranty period. Methodology for calculation of downtime will be as per Appendix . In case of failure to maintain specified uptime the proportionate loss to the government will be made good by the vendor as specified in Para 12.

Alternatively warranty may be extended by the duration for which the company has been unable to provide specified uptime. The discretion to exercise either of these options lies with the Director Information Technology. Bank guarantee submitted, as performance guarantee will be extended accordingly in case of extension of warranty period.

(h) Warranty should be valid throughout India.

(j) Unserviceable hard disks will be repaired at site. Hard disks beyond repair at site will be replaced with new or serviceable hard disks of equal or better specifications. Unserviceable hard disks **will not be returned** to the vendor under any circumstances, but will be destroyed at site by IAF authorities.

(k) Warranty shall include replacement of all unserviceable parts other than floppies, CDs, ribbon, cartridges, and toners. Batteries, plastic parts and printer heads will be covered under warranty

(l) In case of breakdown of any equipment the downtime will commence after four working hours after informing your customer support department. Any failure in the system or a subsystem thereof should be rectified within a maximum period of 48 hours of lodging a complaint, including loading of operating software if required. If the system is down beyond 48 hours, penalty

at the rate of Rs. 250/- (Rs Two hundred and fifty only) per day per system will be charged or recovered out of bank guarantee held toward warranty or any payment due to the vendor. In case of any system/sub system being down for more than seven working days, user has the option to get it repaired from any suitable agency at the risk and cost of vendor, which will be deducted from the Bank Guarantee, or any other payment due to the vendor.

(m) Any system failing at subsystem level three times within a period of three months or displaying chronic faulty behaviour or manufacturing defects or quality control problems will be totally replaced by the vendor at his risk and cost within 30 days of being intimated.

(n) Required preventive maintenance of the equipment shall be provided by you quarterly during the customer's normal working hours and normal working days the maintenance service will be normally offered between 0900 AM to 0530 PM on week days including Saturdays but excluding Sundays and gazetted holidays.

(o) Your obligation on maintenance for any repair services are limited only to the equipment and software listed in Annexure ____

36. **Annual Maintenance Contract.** As committed in the quotes given/accepted by you at the option of user/rep of DIT, you will under take AMC for five years @ ____ **% for hardware and @ ___% for networking and ____% for application software after the expiry of one year warranty period.** All maintenance services will be provided on site. The AMC terms and conditions will be as per **Annexure IX.**

37. **Spares and Consumables.** You will furnish a separate guarantee to provide spares and consumables on payment for a period of six years from the date of completion of warranty, irrespective of AMC. Non-compliance will be treated as breach of contract and will attract legal action.

38. **Software Updates.** You will guarantee provision of all software updates, depending upon the option to be exercised by the user, for a period of five years after

expiry of warranty period on chargeable basis. **However, if the upgrade is free from OEM, the same will be passed to the user.**

39. **Training on Application Software.** Training will be imparted to 20 personnel of _____ . This training will be organized during the installation and implementation period in coordination with the staff of _____. The training will be imparted on:-

(a) Basic training on system software and database administration.

(b) Detailed training on application software.

40. **Training on Commercial Software.** Vendor will give training on commercial software to 20 persons in two batches for ten working days. The training will be carried out by vendor **on site.** (Similar draft syllabi for training is placed at Annexure XI). The training will be on :-

(a) management and configuration.
(b) OS and Windows NT
(c) SQL server installation and administration
(d) NT System installation and administration.
(e) Network network troubleshooting.

41. **Force Majeure:**

(a) Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfillment or for the delayed fulfillment of nay of its contractual obligations, if the affected part within 15 days of its occurrence informs the other party in writing.

(b) Force majeure shall mean fires, floods, natural calamities or other acts such as war, turmoil, strikes (as not limited to be establishment of the seller), sabotage, explosions, and quarantine restrictions beyond the control of either party.

(c) It is understood and agreed between the parties hereto that the rights and obligations of the parties shall be deemed to be in suspension during the continuance of the force majeure event as aforesaid and the said rights and obligations shall automatically revive upon the cessation of the intervening force majeure event. The period within which the rights and obligations of the parties shall be in suspension due to force majeure event shall not be considered as a delay with respect to the period of delivery and/or acceptance of delivery under the contract or otherwise to the retirement of either party.

(d) Notwithstanding the provisions of the immediately foregoing clauses it is further understood and agreed between the parties hereto that in the event of any force majeure persisting for an uninterrupted period exceeding 6 (six) months, either party hereto reserves the right to terminate this contract upon giving prior written notice of 30 (thirty) days to the other party of the intention to terminate without any liability other than reimbursement on the terms provided in this agreement for the goods received.

42. **Risk and Expense Clause:** In the event of the contractor not supplying an item within the stipulated period, the purchaser (Dte of Information Technology, Air HQ) will be at liberty to procure the same from another source and in case the cost of the item is higher than the present ordered cost, the extra cost shall be recovered from the contractor through deductions from bills pending against the present order or any other payment due to the contractor.

43 **Arbitration (this form is to be submitted in the judicial stamp paper)**:- In the event of any dispute or difference between the parties hereto, such dispute or difference shall be resolved amicably by mutual consultation or through the good offices of empowered agencies of the Beneficiary. If such resolution is not possible, then, the unresolved dispute or difference shall be referred to arbitration or an arbitrator to be nominated by Secretary, Department of Legal Affairs ('Law Secretary') in terms of the Office Memorandum NO. 55/3/1/75-CF, dated the 19th Dec_____, 1975issued by the Cabinet Secretariat (Department of Cabinet Affairs),as modified from time to time. The Arbitration Act 1940 (10 of 1940) shall not be applicable to the arbitration under this clause the. The award of the arbitrator shall be binding upon parties to the dispute. Provided however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to Law Secretary whose decision shall bind the parties finally and conclusively.

44 **This issues with the concurrence of IFA/CDA vide UO No. --------- date**

Your's faithfully,
(

Sqn Ldr
Dy Director

IT

For VCAS

Annexure II to Appendix 'E'

SAMPLE COPY

DETAILS OF HARDWARE & SOFTWARE FOR

AUTOMATION OF_____

Sl No.	Item Description	Den	Qty	Rate (Rs)	Total (Rs)
(a)	**Server P-III 667 MHz Intel P-III Xeon 667 MHz with** - 256 KB Full speed 133 MHz FSB upgradable to dual Xeon CPU - 256 MB 133 MHz expandable to 4 GB SD RAM - Interfaces LVD @ 80 MBPS - Hard Disk 3x9 GB hot swappable LVD (Ultra 2 SCSI) - CD ROM Drive 48x IDE - HP Bare 12/24 GB DAT drive backup - SMPS 2+1 redundant hot swappable - 1.44 MB FDD 3.5"	Ea	01	2,33,535.00	2,33,535.00

	- 15" Digital SVGA colour monitor - 107 keys keyboard (PS2) - MS Mouse (PS-2) with pad - 2 Serial, 1 parallel 10/100 MBPS, 32 bit, full duplex Ethernet adapter WOL - Dust cover - Router	Ea	01	1,63,200.00	1,63,200.00
(b)	**PC-P-III 650 MHz FSB Infinity 2000 BL** - 256 KB Full speed L2 Cache - 64 MB RAM upgradable to 512 MB for expandability - Hard Disk 10.2 GB or above - 1.44 MB FDD - 2S, 1P, 1 USB, 2PS-2 (for keyboard and mouse) - 4 MB AGP on Board Microphone and head set - DVD 10X with soft MPEG - Sound on board 120 W speakers - 15" SVGA digital monitor - MS (PS-2) Mouse with pad - Keyboard 107 keys PS-2 - D Link 32 Bit PCI Ethernet card 10/100 MBPS with boot & WOL - Windows 98 SE licensed edition preloaded with media and documents - Dust cover (All products are ISO 9000)	Ea	25	49,215.00	12,30,375.00
(c)	UPS 2 KVA (Online 30 min SMF batteries) (ISO certified)	Ea	01	53,680.00	53,680.00
(d)	UPS 0.625 KVA (15-20 min offline SMF batteries) (ISO 9000 certified)	Ea	25	6,415.00	1,60,375.00
(e)	Inkjet printer A-4 size HP 640C with cable/chord for power and	Ea	10	6,030.00	60,300.00

	data (ISO Certified)				
(f)	TVSE MSP 345 (24P, 132C, 300 CPS with cable chord for power and data chord (ISO certified)	Ea	15	12,175.00	1,82,625.00
	Software				
(g)	Unixware departmental edition Ver 7.1 for 25 users with CD with media and documents	Set	01	1,40,000.00	1,40,000.00
(h)	Oracle 8.1.x for unixware 8.1 (10 user) media and documents	Set	01	47,700.00	47,700.00
	Networking				
(i)	Intel Express 460T 24 Port 10/100 MPBS (standalone/managed)	Ea	01	53,040.00	53,040.00
(j)	Router 1 LAN (RJ 45) Port 2 WAN (V.35) Ports, Leased Line Modem built in V.35 and separate Modems (CISCO)	Ea	01		1,63,200.00 1,63,200.00
(k)	19" 4 U rack with door and stand for installation	Ea	02	20,400.00	40,800.00
(l)	Cat-5 cable (Lucent)	Bdle	03 (305 mtrs)	6,032.00	18,096.00
(m)	Cat 5 i/o with surface mount (Lucent)	Ea	50	415.00	20,750.00
(n)	Cat 5 mounting cable 5'/7' (Lucent)	Ea	50	365.00	18,250.00
(o)	24 Port Cat V Jack Panel (Lucent)	Ea	02	5,405.00	10,810.00
(p)	Installation with PVC conduit	Mtrs	700	20.00	14,000.00
(q)	Project Management Charges				27,000.00
(r)	Application software development installation and training for 20 personnel				1,00,000.00

(s) Commercial software training
50,000.00

(for 20 personnel in two batches
for 10 working days each batch)

27,87,736.00

Negotiated Discount Rs.

20,000.00

Total Rs.
27,67,736.00

To,

The President of India

Through

Dte of Information Technology

Air HQ Computer Centre,

Min of Def, Govt of India,

Subroto Park

New Delhi – 110 010

Sirs,

1. Receipt is acknowledged of your supply order No. _____ dated _____ together with enclosures.

2. We hereby agree to supply the said items as per the terms and conditions contained therein.

Yours faithfully

(Name & Designation of the officer signing this)

Dated

(Stamp Paper)

_____

(Banker's Name and Address)

Dte of Information Technology
Banker

Round stamp of the

Air HQ Computer Centre

Subroto Park

New Delhi – 110 010

Bank Guarantee No. : _____

Amount of Guarantee : _____

Guarantee Valid upto : _____

Last date for lodgment of claim : _____

This deed of guarantee is executed by the _____ (banker) constituted under the State Bank of India (subsidiary banks) Act, 1959 having its Head Office at _____ and other places, a branch _____, Delhi and amongst others (hereinafter referred to as the Bank) in favour of Dte of Information Technology, Air Headquarters Computer Centre, Subroto Park, New Delhi – 110 010 (herein after referred to as the beneficiary) for an amount not exceeding Rs._____ (Rupees _____ only) at the at the request of _____ _____ (herein after referred to the contractors (s). This guarantee is issued subject to the condition that the liability of the bank under this guarantee is limited to a maximum of Rs. _____ (Rupees _____) and guarantee shall remain in full force up to _____ (date of guarantee) and cannot be invoked otherwise than by a written demand or claim under guarantee served on the bank on or before _____ (date of guarantee).

In consideration of Director Info Tech, Air HQ Computer Centre, Subroto Park, New Delhi – 110 010 (here in after called 'the Beneficiary') having agreed to exempt _____ _____ (Contractor) from the demand there under the terms and conditions of an tender/enquiry/order No. _____ dated _____ made between_____ Director, Information Technology, Air HQ Computer Centre, Subroto Park, New Delhi – 110 010 for supply of computer systems (hereinafter called the "agreement"), of performance guarantee for the due fulfillment by the said contractor (s) of the terms & conditions contained in the said agreement on production of a bank guarantee for Rs _____ we _____ (bankers) herein after referred to as "the bank") at the request of _____ (contractor) do hereby undertake to pay the beneficiary an amount not exceeding Rs. _____ against any loss or damage caused to or suffered or would be caused to or suffered by the beneficiary by reason of any breach by the said contractor (s) of any of the terms or conditions contained in the said agreement.

2. We _____ (bankers), do hereby undertake to pay the amount due and payable under this guarantee, without any demur, merely on demand from the beneficiary stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by the beneficiary by reason of breach by the said contractor (s) of any of the terms or conditions contained in the said agreement or by reason of the contractor's failure to perform the said agreement. 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 guarantee shall be restricted to an amount not exceeding Rs._____.

3. We undertake to pay to the beneficiary any money so demanded notwithstanding any dispute or disputes raised by the contractor (s)/supplier(s) in any suit or proceeding pending before any court or tribunal relating thereto, our liability under this present being absolute and unequivocal.

4. The payment so made by us under this bond shall be a valid discharge of our liability for payment there under and the contractor (s)/supplier (s) shall have no claim against us for making such payment.

5. We _____ (banker), 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 all the dues of the beneficiary under or by virtue of the said agreement have been fully paid and its claims satisfied or discharged or till _____ (date) that the terms and conditions of the said agreement have been fully and properly carried out by the said contractor (s) and accordingly discharge this guarantee. Unless a demand or claim under this guarantee is made on us in writing on or before _____ (date), we shall be discharged from all liability under this guarantee thereafter.

6. We, _____ (Banker), further agree with the beneficiary that the beneficiary 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 or to extend time of performance by the said contractor (s) from time to time or to postpone for any time or from time to time any of the powers exercisable by the beneficiary against the said contractor (s) and to forbear or enforce any of the terms and conditions relating to the said agreement and as shall not be relieved from liability by reason of any such variation, or extension being granted to the said contractor (s) or for any forbearance, act or omission on the part of the Beneficiary or any indulgence by the beneficiary to the said Contractor (s) or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have the effect of so relieving us.

7. This guarantee will not be discharge due to the change in the change in the constitution of the Bank or the Contractor (s)/(Suppliers).

8. In the event of any dispute or difference between the parties hereto, such dispute or difference shall be resolved amicably by mutual consultation or through the good offices of empowered agencies of the Beneficiary. If such resolution is not possible, then, the unresolved dispute or difference shall be referred to arbitration or an arbitrator to be nominated by Secretary, Department of Legal Affairs ('Law Secretary') in terms of the Office Memorandum NO. 55/3/1/75-CF, dated the 19th Dec_____, 1975issued by the Cabinet Secretariat (Department of Cabinet Affairs),as modified from time to time. The Arbitration Act 1940 (10 of 1940) shall not be applicable to the arbitration under this clause the. The award of the arbitrator shall be binding upon parties to the dispute. Provided however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to Law Secretary whose decision shall bind the parties finally and conclusively.

9. We, _____ (Banker), lastly undertake not to revoke this guarantee during its currency except with the previous consent of the beneficiary in writing.

NOT WITH STANDING ANYTHING CONTAINED HEREIN

a) The liability of the surety under this bank guarantee shall not exceed Rs _____ (Rupees _____)

b) This bank guarantee shall be valid up to _____. The surety is liable to pay the guaranteed amount or any part hereof under this Bank Guarantee only and only if the Purchaser serves upon the Surety, written claim or demand on or before _____.

Dated the _____ day of _____, 2002 at _____.

(Signature of the Bank Manager
with full address)

Annexure 'V' to Appendix 'E'

LIST OF MODULES TO BE DEVELOPED

(Same as Annexure IV to Appendix `D')

Annexure 'VI' to Appendix 'E'

ACCEPTANCE TEST PROCEDURE (ATP)

(Same as Annexure V to Appendix `D')

Annexure'VII' to Appendix 'E'

ACCEPTANCE CERTIFICATE : DEIVERY OF EQUIPMENT AGAINST SUPPLY ORDER No _____ dated _____

(Same as Annexure VI to Appendix. `D'

Annexure 'VIII' to Appendix 'E'

INSTALLATION CERTIFICATE

SUPPLY ORDER No. dated

(Same as Annexure VII to Appendix `D')

Annexure 'IX' to Appendix 'E'

TERMS AND CONDITIONS OF AMC

(Same as Annexure X to Appendix `D')

Annexure 'X' to Appendix 'E'

CALCULATION OF SYSTEM AVAILABILITY

1. The system availability shall be calculated as given below : -

(a) **Weightage factor.** In order to calculate the system down time, a weightage factors, as given out in Annexure XI have been assigned for each sub system/system. Down time of each sub system, which will contribute towards down time of the whole system, will be obtained by taking the product of the weightage factor and the down time (in hrs) of each sub system.

(b) **Down Time.** The number of hrs a sub system is down shall be the time elapsed, four working hours after the malfunction is reported to the CONTRACTOR by the CUSTOMER, to the time the sub system is handed back to the CUSTOMER, after repair/rectification. Methodology of calculation of downtime is as given at Appendix 'A'.

2. Sub-system/System down time does not include the following: -

(a) Call has to be planned within contracted maintenance hours.

(b) Time for which the machine is shut off due to failure of power or causes other than machine breakdown.

(c) Sundays and holidays will be included in the downtime only if a complaint is logged with the CONTRACTOR by 1300 hrs on the day preceding the Sunday/holiday. In case the complain is logged after 1300 hrs on the day preceding the holiday the holiday (or holidays if there is more than one continuous holiday) will not be taken in downtime but all subsequent holidays, till the complain is rectified, will be taken into account.

5. The CUSTOMER will maintain proper monthly efficiency report and these will be signed by the CONTRACTOR's representative. CUSTOMER will also maintain proper records of the date and time of call logging and will also record the complaint No. given by the CONTRACTOR when the complaint is logged. This record will be signed by the service engineer of the CONTRACTOR when he visits to rectify the compliant.

Calculation of Down Time

No. of hrs Sub System x down – X Hrs.
(No of working days sub-system X down * 8)
Weightage factor of Sub-System X-Y (From Annexure x)
Weighted Sub-system downtime- x* y = z (hrs)
Total System Down Time (TSDT) in hrs = Sum of contribution of weighted down time of all Sub Systems = > TSDT (hrs) = Z1 + Z2 +..... Zn (where Z1, Z2 are weighted system down times of each sub-system comprising the system).

TSDT (days) = TSDT (hrs)/8.
Actual System Uptime percentage = (No. Working days – TSDT in days) x 100 = U%
Required System Uptime = 95%
(For Server = 99%)
IF REQUIRED SYSTEM UPTIME IS GREATER THAN ACTUAL SYSTEM UPTIME
Deviation in Sys Uptime =

$$\frac{\text{(Required Sys Uptime – Actual Sys Uptime)}}{\text{Required Systems Uptime}} \times 100 = \frac{(95\text{-}U)}{95} \times 100$$

Annexure 'XI' to Appendix 'E'

DOWN TIME CALCULATION : WEIGHTAGE FACTOR

Nomenclature	Weightage Factor (Y)
Main Server	
HDDs	1.0
Monitor/Graphics Adapter	1.0
Motherboard/Memory/SCSI Controller	1.0
FDD	0.10
DAT	0.25
CD ROM DRIVE	0.20
UPS/UPS SOFTWARE\	1.0
KEYBOARD	1.0
MOUSE	0.75
ETHERNET CARD	0.95
OS	1.0
ANY OTHER COMPONENT OF MS BACKOFFICE	0.80
Terminals	
HDD	1.0
Monitor/Graphics card	1.0
Motherboard	1.0
FDD	0.2
CD ROM Drive	0.2
CVT	1.0
Keyboard	0.75
Mouse	1.0
Ethernet Card	0.9
OS	1.0
Hub/Switches	
All nodes connected to the Hub/switch	1.0
Printers	
Laser	0.50
DMP/Inkjet	0.25

SYLLABI FOR TRAINING

(Same as Annexure VIII to Appendix `D'

Tel: 337 7453

Fax: 301 1507

Dte of Information Technology

Air HQ (Vayu Bhawan)

New Delhi - 110 011

Air HQ/99026/117/DIT (CASB) 15 Jun 2001

CDA (AF)

West Block V, RK Puram

New Delhi - 110 066

SANCTION FOR PURCHASE OF COMPUTER SYSTEMS

1. Authority is hereby accorded for the purchase of the following computer systems, peripherals and networking equipment for ***CASB*** at a total cost not exceeding of ***Rs 16,70,145/- (Rupees Sixteen lakh seventy thousand one hundred forty five only)*** all inclusive under the financial powers of VCAS:-

Vocab Ref/ : 10 EDP / S-HCL - INFINITY GLOBAL LINE 2550

Sl No.	Item Description	Den	Qty	Rate (Rs)	Total (Rs)
------	(a) **Infinity Global Line 2550**	Ea	01	2,27,235.00	2,27,235.00

Processor Intel P-III Xeon @ 866

MHz or above with

- 256 KB Full Speed on die cache

  RAM-256 MB ECC SD RAM

  Expandable to 4 GB, 133 MHz FSB
- Adaptec ultra 160 SCSI controller
- Hard Disk 3 x 9 GB Hot Swappable

  Ultra 160 Wide SCSI
- CD ROM Drive 52x

- DAT Drive 12/24 GB backup
- SMPS 1 extra redundant hot swappable
- 1.44 MB FDD
- 15" Digital SVGA Colour Monitor
- 107 keys keyboard (PS2)
- MS Mouse (PS-2) with pad
- Ethernet –10/100 MBPS Ethernet (Intel), 32 bit full duplex, with WOL, WFM
- Server Management tools
- Diagnostic tools
- Multiple cabinet cooling fans SNMP Manageable
- Certified for SCO UNIX
- Dust cover

(b)	**Infinity 2000 BL PC P-III 733 MHz or above**	Ea	07	48,000.00	3,36,000.00

- 133 Mhz FSB
- 256 KB Full Speed L2 Cache
- 64 MB SD RAM upgradable to 512 MB
- Graphics – Integrated 4 MB Display cache
- Hard Disk 10.2 GB or above
- 1.44 MB FDD
- DVD 16X
- 15" SVGA Digital Colour Monitor
- Multimedia – Integrated audio (Sound blaster compatibility) with 120 W speaker, microphone and headset (OEM)

- Keyboard PS-2 – 107 keys
  (Mechanical type)
- Mouse – MS Mouse PS2
- Ethernet – 10/100 MBPS Ethernet
  Card 32 bit PCI
- Ports 2 S, 1P, 2 USB, 2 PS-2
- Windows ME licensed edition
  with complete media and documents
  (pre-loaded on all PCs)
  Certified for windows 98 by Microsoft
- Dust cover, Paper support clip
  (All products are ISO 9000)

(c) Inkjet Printer A-4 Size HP 640C Ea 03 5,525.00 16,575.00
with cable/chord for power and data

(d) Printer Lipi T2170 (136 Col Ea 02 1,03,000.00 2,06,000.00
24P, 904 CPS with power and
data chord

(e) Printer LIPI T 6100, 1000 LPM Ea 01 2,55,370.00 2,55,370.00
with power and data chord

(f) UPS 2 KVA (Offline 30 Min Ea 01 15,145.00 15,145.00
SMF batteries) (ISO certified)

(g) UPS 0.625 KVA (15-20 Min Ea 07 4,635.00 32,445.00
offline SMF batteries)
(ISO 9000 certified)

(h) HP CD Writer 8230e external Ea 01 17,580.00 17,580.00
with power and data chord

(i) Zip Drive 250 MB (I-Omega) Ea 02 11,950.00 23,900.00
external with power and
data chord

Software

(j) UnixWare 7.1x (15 user) or latest Set 01 1,00,495.00 1,00,495.00
with media and documents

(k) Oracle 8 i standard edition Set 01 59,580.00 59,580.00
for UnixWare (10 user) or latest
with media and documents

(l)	Oracle Internet Developer Suite	Ea	01	1,48,740.00	
1,48,740.00	(latest) with media and documents				
(m)	Intel inbusiness 16 Port	Ea	02		23,560.00
47,120.00	auto sensing 10/100 MPBS switch				
(n)	UTP to 10 Base FI Media	Ea	04		8,975.00
35,900.00	Converter, ST converter				
(o)	16 port Cat V Jack Panel	Ea	02		3,590.00
7,180.00					
(p)	Cable (Fibre Optic)	Mtrs	200	225.00	
45,000.00					
(q)	19" full length rack with door	Ea	02	22,440.00	
44,880.00	(Floor standing rack)				
(r)	Cat V Mounting cable 5'/7' (Lucent)	Ea	30	250.00	
7,500.00					
(s)	I/O Boxes (Lucent)	Ea	30	400.00	
12,000.00					
(t)	Cable cat V UTP (Lucent)	Bdle	01	6,500.00	
6,500.00		(305 mtrs)			
(u)	Structured Cabling using PVC	Mtrs	200	20.00	
4,000.00	conduits				
(v)	Fibre cabling between two Ethernet	200 mtrs		21,000.00	
21,000.00	Switches and project management charges				
	-------				----------
				Total Rs.	
				16,70,145.00	

2. The items are to be procured from ***M/s HCL Infosystems, Sedarpet, Pondicherry.***

3. The expenditure is debitable to Major Head 2078, Minor Head 110(1) and Code Head 754/02.

4. Normal local purchase procedure as per IAP 1501 Chapter 9 (as amended) and existing regulations is to be followed.

5. CDA (AF), West Block V, RK Puram, New Delhi is authorized to make the payment on following terms:

(i) 50 % of the total cost of the order on delivery of hardware, software and accessories at **Air HQ Computer Centre, Subroto Park, New Delhi**

(ii) 40 % of the total cost of the order on installation of the systems at user location by the vendor's representative and acceptance of complete systems

(iii) 10% of the total cost of the order against **Bank Guarantees (BGs)** for performance during warranty period valid for one year from the date of acceptance of systems at **CASB.**

6. This has the approval of Vice Chief of the Air Staff vide N-39 dated 06 Jun 2001 and the concurrence of IFA vide N-39 dated 31 May 2001 on file Air HQ/99026/117/DIT (CASB).

( )
Gp Capt
D I T
for V C A S

Copy to

AD (LAS)
Air HQ Computer Centre Subroto Park,
New Delhi – 110 010

LOGISTIC SYSTEM IN AIR FORCE

1 INTRODUCTION

This chapter describes the present IAF logistics system. The details are covered in the subsequent sections under the following heads:

Section – I	(a)	IAF Inventory Classification and Identification
Section – II	(b)	Various Agencies involved in provisioning and procurement
Section – III	(c)	Organisation Structure of IAF
Section – IV	(d)	Provisioning Responsibility, Provisioning Principles, Formulae and Procedures
Section – V	(e)	Procurement Responsibility and Procedures
Section – VI	(f)	Storage
Section – VII	(g)	Demand, Supply, Distribution and Transportation
Section – VIII	(h)	Disposal and Salvage
Section – IX	(i)	Accounting and Audit Procedures
Section - X	(j)	Existing Management Information System

SECTION - I

INDIAN AIR FORCE INVENTORY

IAF holds a huge inventory comprising weapon systems like aircraft, marine vehicles/MT vehicles, spares, clothes ration etc. This section describes the various types of Items in the IAF Inventory and their classification and Identification system.

1. CLASSIFICATION OF INVENTORY

Various classifications are being followed for inventory management. These are discussed below:-

1.1. CLASSIFICATION ACCORDING TO TYPE OF ITEM

The entire inventory with Indian Air Force (other than Meteorology, MES, medical, dental stores and office equipment) is called the 'Air Force Equipment.' Air Force Equipment is sub-classified' as 'machines', 'stores' and 'supplies'.

(a) Air Force Machines - This is a comprehensive term which includes aircraft, airframes, aero-engines, MT vehicles and marine craft, power plants, ground radar, missiles etc.

(b) Air Force Stores - Air Force Stores include all articles exclusive of machines shown in IAP 1086 or Price Lists or are reflected into maintenance publications or are required to be fitted on machines/are required for maintenance of machines or otherwise authorised to be held. These include breakdown or maintenance spares for various Air Force machines. Air Force 'stores' are further classified as:

1.2 **Class of Stores**

(a) **Class A** - All articles which remain on charge and cannot be exchanged except on their return to stores, and which, when defective beyond the capacity or authority of the unit to repair, must be returned to appropriate Repair Depot, wherein the opinion of the Wing/Station C.T.O/Logistic Officer(in respect of textile and woolen articles and items of Barrack Equipment vocab Sections 20,21,22 and 23), and in the case of other self-accounting units, where C.T.O. is not established, the Senior Technical Officers/Specialist Officers confirm that no serviceable/repairable components can be retrieved economically may be disposed of as salvage at units according to normal procedure.

(b) **Class B -** All items which remain on charge and cannot be replaced except on their return to stores but which may be conditioned and, if necessary, condemned on the recommendations of the Wing/ Station CTO/STO.

(c) **Class C** All articles not covered under class A and B and which are normally totally consumed in use.

(d) **Air Force Supplies** - Air Force supplies include items like food, medical comforts, solid and liquid fuel, aviation and MT fuel, electricity, gas and water disinfectants, lubricants etc. obtained from ASC and MES.

1.3 **CLASSIFICATION FOR MAINTENANCE**

Spares are required for maintenance at wings and at the repair agencies. The spares used at the wings are called 1st and 2nd line spares while those used at the BRDs are called 3rd and 4th line spares. Each line of servicing stands for the kind of repairs being carried out on the weapon system. For aircraft systems, 1st line servicing means regular flight servicing, 2nd line servicing stands for minor repairs, while 3rd line and 4th line servicing is major repairs/overhauls.

At the repair agency, the spares are further classified as mandatory and non-mandatory.

(a) **Mandatory** These are spares that have to be replaced compulsorily every time an assembly is opened for servicing. Thus, all items having consumption norm >= 0.9 are categorised as mandatory items.

(b) **Non Mandatory** These are spares that are replaced based on their condition at the time-of servicing. Their replacement will therefore be based on the appreciation of the technical staff servicing the assembly. These spares will have consumption norm less than 0.9. Consumption of some spares may increase over a period of time and these could become mandatory spares if consumption norm touches 0.9.

1.4. CLASSIFICA TION FOR STOCKING AND DEMANDING

The categorisation of items for the purpose of stocking and replenishment is as follows:

(a) **Automatic Replenishment System (ARS) items** The IAF follows an Automatic Replenishment System (ARS) for 1st and 2nd line consumables. Under this system, the stock of 1st and 2nd line items available with different units is topped up once a month by the ASPs/EDs upto pre-determined stock levels to replenish the consumed quantities as per scale. The scales (stocking levels) of ARS items are reviewed every year at the AHQ level.

(b) **Listed Non-ARS items** - These are the items whose consumption is being monitored. Some of these items ultimately are included in the list of ARS items, it being regularly consumed at Op units. The stock of such items is replenished on 'as required' basis until included in the ARS list. Presently this system is out of rogue.

(c) **Non-ARS items** - These are the items which are obtained on demand by the units from ASPs/EDs.

(d) **Rotables** -These are the items which satisfy the following conditions:

*Replaceability: The sub assembly must be removable and replaceable (LRU) at field unit level.

*Turn over life: The item must have a reasonable turnover. This may be in terms of operating life that is 'Time Between Overhaul' (TBO) or 'Mean Time Between Failure (MTBF).

*Repairability Only LRUs which are capable of being repaired repeatedly on being sent to the repair agency for repair may be scaled as per the float.

* Criticality: LRUs not fulfilling any of the above criteria may still be considered as rotable based on the criticality of the item. This is important for electronic equipment where the high rate of obsolescence means that certain critical items may need to be scaled.

High value LRUs: High value items may be identified for conscious scaling.

(e) **TTGE (Tools Testers and Ground Equipment)** - These items are scaled. These are replaced based on condition.

1.5 CLASSIFICATION BASED ON CONDITION

Items are further classified based on their condition (availability for servicing). For this purpose spares have been categorised 'A' through 'E' where.

a) Category A (or Cat A) is a new serviceable item which is unused.

b) Category B are items that have been used but are in serviceable condition

c) Category C are items requiring testing to establish their condition

d) Category D are repairable items awaiting repair.

e) Category E items are those which are unserviceable beyond economical repair and are to be disposed off.

1.6 CLASSIFICA TION BASED ON CONSUMPTION

IAF classifies items as active/inactive.

a) **Active Stores** -Active stores consist of all new equipment, equipment in current use(items which have been issued during the last three years), valuable and attractive items and equipment which is no longer in current use but may be required in an emergency.

b) **Inactive Stores** Inactive. stores consist of stocks, excepting those of Airborne equipment pertaining to current aircraft, not In current use and on which there has been no issue for the last three years, items put up for disposal including salvage, obsolete equipment, aircraft going out of service and their specific to type spares.

IDENTIFICATION OF ITEMS

The huge IAF inventory necessitates a suitable identification system. IAF currently follows five identification systems as detailed below:

a) **Vocab Number** -The Vocab number identifies the system to which the item belongs and gives the generic description of the item. It has three major components which identify source, item and sub item. For example, 300 series is for Indian source and 800 for Russian. Thus, 801 MiG is a MiG tool of Russian origin. There is a second system of vocab allocation which indicates only the weapon code for example: MBZ. Indicates that the item belongs to MiG 29 fleet. A new system of vocab allocation has been instituted for upgrades like MiG Bis and SU 30 MK1"in which the vocab is made up of two parts namely aircraft type and system type for e.g.. The ELTA (FW) system for MiG Bis upgrade has been allocated vocab BuELTA wherein Bu is aircraft type i.e. Bis upgrade and ELTA is the name of the system. For details kindly refer AOMs Task Directive 30/2001

b) **Part Number -** It is the number given by the manufacturer. This is the most commonly used classification in IAF. If the OEM have given different part numbers to the same item because of time gap in the production process then other part numbers are referred to us in lieu part numbers. The part number can be broken down into sub parts which convey some information. For example, in case of bolts, screws and rivets of Russian origin the part number consists of four or five parts. The information conveyed is as follows:

1st part It gives type of material used and shape and size of the item

2nd part It gives the diameter in mm of the item.

3rd part It gives the length (from below the head) in mm

4th part It could give information on distance in mm from bottom at which locking holes exist or indicate hole in the head for locking."

5th part The number could have markings like K, KD etc. at the end of the number. These indicate 'cadmium plated'. These extensions are for manufacturing, purposes and should not form part of the number.

Example of part number: 3003A-6-18 and 3003A-6-18KD are same since 3003A-6-18 is also cadmium plated. 3003A-6-18-182A T indicates hole in head.

(c) **Reference Number** It is number given by IAF which maybe 3 to 7) digits. This number was given in IAP 1086 manual but is no longer used -since aircraft covered under the manual have been phased out.

(d) **Computer Code Number (CCN)** This is a central system of (cataloging used in IAF. It is an 8 digit number. The CCN is a running

number and does not convey any meaning as to the type and nature of item. Items common to different weapon system will have the same CCN.

(e) **Depot Code Number (DCN)** Computerised Equipment Depots use the depot code number for identification of items. All issues and receipts done in-house are done on these numbers. These numbers are depot specific. For example, 25 ED (Deolali) is completely computerised and has a unique depot code comprising vocab section and a six digit depot code number.

At present, the IAF uses the CCN to uniquely identify an item for the lines which have been computerised, whereas, for non computerised lines, vocab numbers and part numbers are used.

1.8 Meteorological, MES, Medical, Dental & office equipments including stationeries are classified and accounted for separately.

1.9 Other Classifications:-

Role Equipments:- These are additional equipment fitted on aircraft for fitment of armament and other equipment for a particular role. These are scaled as per the role of a Squadron.

Slap on systems:- These are additional systems fitted on an aircraft and are meant to enhance the role of the aircraft/system i.e. act as force multipliers.

Armaments:- These include Guns, missiles, Rockets, Bullets, Bombs etc.

Safety Equipments:- These ranges include parachutes survival packs, dinghies etc.

2. Classification of Aircrafts & MT Vehicles is done as follows:-

Categories of Aircraft

U -	Serviceable and undamaged
B	Repairable at overhaul agency
B Site	Repairable at site by repair agency
B Patch	Ferry ac to repair agency after patch repair at unit
E	Beyond Economical repair
A	Repairable at base within resources
AC	Repairable at site with the help of R& SU party

CLASSIFICATION OF COMMON USER VEHICLES

Class I Vehicles

Vehicles which have not exceeded the laid down kilometerage for Class I vehicle since entry into service or after 4th line servicing are classified as Class I vehicles.

Class II Vehicles

Vehicles which have exceeded the laid down kilometerage for class I vehicles but have not exceeded the maximum kilometerage for class II vehicles since entry into service or after 4th line servicing are classified as class II.

Class III Vehicles

A vehicle considered operationally unreliable and not fit for utilisation will be classified as class III irrespective of the kilometerage.

Class IV Vehicles

Vehilces which require second servicing to bring them to Class I, II will be classified as Class IV Vehicles.

Class V Vehicles

Vehicles which require major repair//overhaul facilities to bring them to class I are classified as Class V.

Class V(a) : Only specified repairs and not full overhaul

Class V(b) : Require complete overhaul; strip & re-build

Class VI Vehicles

A Vehicle which require extensive repairs due to wear, deterioration, accident or damage and considered BER will be classified as class VI by a Board of Officers

Class VII Vehicles — A vehicle which are declared obsolete will be classified as class VII.

Class 'O' Vehicles — Obsolescent vehicles will be prefixed with 'O' after the currently held classification.

CLASSIFICATION OF SPECIALIST VEHICLES

Specialist vehicles are classified separately for Chasis and mounted equipment.

1. **Classification of Chasis** The classification is same as that for the common usr vehicles.

2. **Classification of mounted equipment** The classification is shown with undermentioned symbols.

(a) 'S' - Serviceable

(b) RI - Repairs within scope of 1st line servicing.

© R2 - Repairs within scope of 2nd line servicing.

(d) R3 - Repairs beyond scope of 2nd line servicing and requiring specified repairs due to major defects, accident or when under repair by an outside party.

(e) R4 - Due for overhaul.

(f) BER - Beyond Economical Repairs.

3. **Composite Classification** Specialist Vehicles with mounted equipment will be awarded composite classification i.e. V/R4, V/BER etc.

SECTION - II

VARIOUS AGENCIES INVOLVED IN PROVISIONING AND PROCUREMENT

The main agencies and their roles are as detailed below:-

(A) **Ministry of Defence** -The Ministry of Defence (MoD) and its finance wing, MoD (F), exercise control over IAF expenditure. MoD is involved in the approval and monitoring of the following:

* Indents.
* Contracts
* Payment terms (specially foreign exchange)
* Budgets

(B) **AOM's Branch** The Air Officer-in-Charge of Maintenance Branch is responsible for provisioning and procurement of spares. It is located primarily at Air HQ, Vayu Bhawan and partially at RK Puram. The provisioning and procurement activities have been divided between Assistant Chief of Air Staff (ACAS Eng 'A), ACAS (Eng 'B'), ACAS (Sys), ACAS (MP) and ACAS (Lgs). Whereas, ACAS (Eng. 'A') is responsible for provisioning & procurement aspects of CIS aircraft, ACAS (Eng 'B') is responsible for provisioning & procurement of Non-CIS aircraft and ACAS (Sys) for Air Defence equipments like radar, missiles, Armament & Safety equipments, Ground Electronic System, Ground Weapon & aircraft mod system etc. respectively. ACAS (Maintenance Plans) looks after Engineering support, Tettra schools and the management of Maintenance activities. ACAS (Lgs) looks after Material Management activities of IAF

(C) **ACAS (Logistics), Air HQ.** - ACAS (Logistics) supported by Director of Maintenance Admin, Director of Purchase, Director of Stores, Director of MT and JD MIS is primarily responsible for the following activities:

* Laying down logistics policies, rules and regulations.

* Procurement of non-technical items e.g. clothing, PoL supplies, tyres, batteries etc.

• Procurement of Common user and specialist vehicle and their maintenance.

* Procurement of items in respect of decentralised fleet beyond the power of HQ (MC) and items meant for Foreign Procurement other than AOG/PHU/MCM.

(d) **Maintenance Cells** The Maintenance Cells are central agencies responsible for planning for various weapon systems. These are placed under various ACAS. The responsibilities of Maintenance Cells include:

* Allotment of aircraft and aero-engines.

*Aircraft and repairable task planning.

* Supervision of 'reportable' items.

* Management of 'reportable' items.

* AOG demand control.

*Repair/overhaul of all ac, aero engines and rotables

*Procurement of all AOG/PHU/MCM requirements

*All cases of technical assistances, services of specialists and procurement of technological equipment/technical publications

*All procurements/services from HAL

*Provisioning and procurement of all centralized ranges of aircraft.

(e) **PCDA (HQrs), New Delhi**

* Payment for all foreign procurements except procurement through IRAL.

CDA (Air Force), New Delhi -

* Payment for indigenous procurement for orders placed by Air (HQ) including payment to IRAL.

JCDA (Air Force), Nagpur

* Payment & Audit in respect of orders placed by HQ, MC, Nagpur and acts as an IFA for HQ MC.

CDA (Air Force) Dehradun

* Placement of cash Assignment with Air Force Units for local purchase by units & audit of the related accounts

(f) **Base Repair Depots (BRDs)** -The Base Repair Depots are the IAF agencies that carry out major repairs and overhaul. Since the BRD is responsible for repair, it does its 'material planning and storage of spares required for repairs. Thus a BRD carries out the following activities to support its primary task of repair: '

* Provisioning review of 3rd and 4th line spares
* Receipt and storage (3rd and 4th line) also I & II line in few cases.
* Issue of material to user groups (example, maintenance bays)
* Transcription' of unfulfilled demands to HQ MC/Air HQ.
* Rotable movement to and from BRD/operational units.

(g) **Equipment Depot (ED)** - EDs are bulk Storage points for spares required for 1st and 2nd line servicing. These depots also store-non-technical Items like clothing. Thus, an ED is involved in the following activities:

* Bulk receipts & storage (1st and 2nd line)

+ Preservation

* Issue of material to user units (for example, wings) and forward storage points (example, ASPs)

* Transcription' of unfulfilled demands to Air HQ.

*In addition, 24ED also perform the role of ASPs for their geographic are aera.

(h) **Mini EDs** Mini EDs were introduced and co-located in respect of some specific ac which operated at a particular location to ensure ready availability of spares and other related stores. There are total five mini EDs for storing MiG-25, Mirage, Iskara, Kiran, IL-76/78 and SU 30 spares.

(j) **Air Storage Parks (ASPs)** -ASP is an intermediate storage point for aircraft items. It performs the following function:

* Forward storage for ARS items, POL, MT and Clothing items closer to the operating units in the geographic area.

* Issue of material to user groups (for example, units)

* 'Transcription' of unfulfilled demands to ED

(k) **Station Logistics Sections (SLS)** - The SLS is the storage location at the wings. It receives items from either ED, BRD, ASP or the local market. The SLS is responsible for the following activities:

* Issue of material to users at wing
* Storage of material required at wing
* Raising of demand to EDs for replenishment
* Dispatch of repairable to repair agency

(l) **Air Force Liaison Establishment (AFLE)**- AFLE is normally co-located with various divisions of Hindustan Aeronautics Limited (HAL). It is responsible for the following:

* Liaise with HAL for overhaul and repair jobs
* Receipt of rotables/aircraft / engines
* Store and induct Cat D rotables for repair/overhaul.
* Raise Local Repair Manufacture and Supply Order (LRMSO) on HAL.
* Monitor production progress
* Monitor defect investigation and submit Defect Investigation Reports.
* Receipt after repair / servicing
* Issue and despatch

(m) **Movement Control Unit (MCU)** - MCUs, also known as the 'Gateways to IAF', are the nodal points for receiving and dispatching material to the consignee. (They are responsible for the following activities: These are 31 MCU (Palam) 32 MCU (Mumbai) and 33 MCU (Gauhati)).

* Handling export and import of cargo on behalf of the Air Force (except 33 MCU).
* Acting as nodal agency in transportation (Domestic Cargo)
* Forwarding cargo to various Air Force units
* Handling domestic couriers as well as couriers going abroad.

SECTION – III

1. ORGANISATION STRUCTURE

The IAF organisation structure can be broadly divided into four main branches: Air HQ, Operational commands, Maintenance Command and Training Command. At the top of the organisational hierarchy is the Chief of Air Staff (CAS). Commanders-in-Chief (C-in-C) of Operation Commands, Training Command and Maintenance Command directly report to him. In addition to these Commanders, he is advised by six of Principal Staff Officers (PSOs) based at Air HQ. The broad organisation structure of the IAF is given in Annexure A.

A brief description of the organisation structure is given below:-

(a) Operation Commands The operations of the weapon systems under the Indian Air Force are controlled by the Operation Commands. Each Command has a number of wings, which in turn comprises a number of units. There are five Operation Commands in the country namely Central Air Command (CAC), Western Air Command (WAC), South-Western Air Command (SWAC), Eastern Air Command (EAC) and Southern Air Command (SAC). Each Operation Command has the primary responsibility of ensuring air defence preparedness and high fleet serviceability for which it carries out various operations and activities. Different types of activities carried out by the Command have been indicated below:-

Types of Major Air Force Activities

1. **Operations**

(a) Offensive

(c) Close Air Support

(d) Electronic Warfare

(e) Transport

(f) Reconnaissance and Search

(g) Flying Training

II **Maintenance**

(a) 1st & 2nd line servicing (Maintenance) including 2nd line Extended Servicing

(b) 3rd & 4th line servicing (Repair & Overhaul)

(c) Calibration

(d) Indigenisation

(e) Modifications and upgrades

} This is undertaken primarily by Maintenance Command.

III **Administration**

(a) Works

(b) Organization

(c) Security

(d) Ceremonials

(e) Legal

f) Discipline

(g) Adventure

(g) Personnel

IV **Logistics**

(a) Provisioning

(b) Procurement

(c) Storage

(d) Distribution and Transportation

(e) Inventory Management

(f) Budgetary Management of Revenue code heads

V Other activities

(a) Meteorology

(b) Air Taffic Services and fighter controlling

(c) Medical

(d) Accounts

(e) Ground Training (Tech/Non Tech)

(f) Education

(g) Welfare

Operational Command The operations at Commands are supported by the technical and logistics wing at the command and units. The technical wing is responsible for carrying out 1st and 2nd line servicing.(field level servicing) of various weapon systems, equipment and sub assemblies while the logistics wing ensures timely availability of spares and consumables. The technical wing at the Command is headed by Senior Maintenance Staff Officer (SMSO) and the Logistics Wing is headed by the Command Logistics Management Officer (CLMO) under SMSO. Similarly at the Wings, the Air Officer Commanding (AOC) is assisted by the Chief Engineering Officer (C Eng 0) and the Senior Logistics Officer (SLO) independently reporting to him..

(b) **Maintenance Command** - The Maintenance Command (MC) is located at Nagpur. This Command is responsible for maintenance of IAF equipment. The main role of MC is planning for repair agencies including inventory management of spares. It also looks after administration problems at supply

management of spares. It also looks after administration problems at supply agencies and provides support to AFLE, MCUs etc. Recently it has been given the task of carrying out provisioning for eight weapon' systems, MT Spares and clothing MC also gives approvals on modernisation of storage methods. With effect from 01.4.2002 Air HQrs have been given the authority to further decentralise provisioning & indigenous procurement activity to HQ, MC in consultation with IFA (Air HQ) & IFA (HQ MC) in accordance with which almost complete decentralisation has been proposed by the year 2004-05. (except foreign procurement).

Training Command In addition to the five Operational Commands and Maintenance Command, there is a Training Command also. As the name indicates this command is responsible for training. Its HQ is at Bangalore. In the following charts organisation, role & functions of different IAF formations have been mentioned briefly as shown in Appendix A. B, C, D, E, F, G, H & I.

SECTION – IV

1. PROVISIONING

Provisioning is the process of estimating material requirements. The IAF uses both technical and non technical items. Technical items include weapon systems and their spares while non technical items include clothing, ration, POL etc.

1.1 PROVISIONING RESPONSIBILITY

A large number of agencies are involved in provisioning. At present provisioning is being done at different levels as shows below:-

Provisioning Agency	Items
Air HQ	For centralized ranges of various weapon systems in respect of indigenous supply beyond the power of the a/c and procurement of all ranges of stores from abroad.
HQ MC	Kiran A/C and variants, HPT-32, Dorniers, Chetak/Chetah Helicopters, MT Spares, Clothing Airmen, Occupational and general flying clothing only, MiG-23, AN-32, MI-8 & MI-17 + All system ranges and MiG 21, 27, 29 AVRO & Jaguar being transferred.
ED	1st and 2nd line provisioning of all the ranges transferred to HQ MC.
BRD's	3rd and 4th line provisioning of all the ranges transferred to HQ MC
AMSE and RAME (W), (G)	1st to 4th line provisioning for ADGES and Local Purchase

1.2 PRINCIPLES OF PROVISIONING

Provisioning in the IAF is based on the fixed period method. This means that stock is reviewed and orders placed at per determined intervals. Some of the terms related with provisioning are explained below:

(a) **Review Period** This is the time between successive normal reviews. At present, the review cycle period is usually 12/6 months for class C/ class A & B respectively.

(b) **Maximum Potential Establishment** Maximum Potential Establishment (MPE) is the maximum permissible build up of stocks at bulk storage depots (ED/BRD + ASP). Table below gives a typical break up of the MPE period for computerised and non-computerised aircraft in the IAF.

MPE = Stockage objective + lead time (internal +external + transportation). The MPE period is defined for each equipment based on its source of supply & is given in Chapter 3 of IAP 1541.

BREAK UP OF MPE

Constituents of MPE	Non Computerised Lines	Computerised MPE
Stockage Objective	21	21
Internal Lead Time	12	9
External Lead Time	24	24
Transportation Time	3	3
Total (MPE Period)	60	57

(all periods in months of requirement)

(c) **Stockage Objective** This is the targeted maximum stock (assuming constant Consumption rate and lead time) at bulk storage

depots (ED/BRD + ASP). Stockage objective is calculated as the sum of Short Stock Figure (SSF) and consumption during review cycle period. Thus, stockage objective at present is equal to 21 months (9+12).

(d) **Review Action Figure** This is the stock level below which review action must be initiated. At present, a special review is carried out when the stock level falls to 15 months.

(e) **Short Stock Figure (SSF)** This is the stock level below which only AOG demands can be serviced, except with special sanctions. It is generally nine months.

1.3 The responsibility of provisioning in respect of certain items are centralised with Air HQ and in respect of certain other items are de-centralised to HQ MC and its depots.

1.4 (a) Provisioning of spares is done at the Depot level.

(b) Census based provisioning, mainly for rotables and major equipment for decentralised ranges is done by Depots/HQ MC.

(c) Census based provisioning for centralised ranges is done at Air HQ.

(d) Determination of requirement based on technical inputs are done at Depot/HQ MC in respect of certain items and Air (HQ) in respect of certain other items.

1.5 The total number of Provisioning reviews to be raised by Air HO, HQ MC and depots with the responsibility of raising them, time schedules and numbering of the provisioning reviews is defined in AOMs S & P Canon 5, 5A, 5B 5C, 6, 7 16 & 17 of year 2001.

1.6 The provisioning adopted in the IAF is based on following factors:-

(a) **CAR (Current Annual Rate)**

This basically means average annual recurring consumption. This includes items which are Dues out also but have not yet materialised. For calculating CAR, past consumption is reckoned separately for two half years, so that in case consumption during one half year is unrealistic, the figure for other half year is doubled to give 12 months consumption.

(b) **Forecast Factor (FF)**

This factor is determined based on planned task for MPE period and actual effort undertake to achieve during the past consumption period. The planned UE is converted into rate of effort by multiplying the No. of AC planned as UE by the authorised flying hours per AC per month. This is then divided by total rate of effort achieved. The formula used for calculating FF is

$$\frac{\text{(Planned UE) x (Rate of effort per month) x Forward provisioning Pd}}{\text{Flying hrs done during past 12 months}}$$

Forecast factor for:

(i) First and second line maintenance is based on flying hours.

(ii) Third and fourth line maintenance is based on repair and overhaul task.

CAR X FF = Gross requirement. ~

(c) Gross requirement is reduced by Assets, which include stocks held and stock in pipeline (Dues In). After assets are deducted from gross requirement the net requirement is technically vetted to remove any aberrations arising out of the mathematical calculation. Further details about provisioning formulae have been described subsequently.

1.7 The provisioning principles/formulas adopted in the IAF are broadly as follows:-

(a) **Straight Run method**

This method is adopted for mandatory items. In this method the fit quantity of the item or each, aggregate/system is multiplied by the task quantity of the aggregate/system.

(b) **Programme method.**

This method is used for non-mandatory item and the gross requirement is based on CAR and FF.

(c) **Census-based provisioning of scaled items**

This method is use for determining the quantity of item deficient against an authorised scale. This system caters to areas like

(i) TTGE (Tools, Testers and Ground Equipments)
(ii) Role Equipments
(iii) Rotables/Aggregates/LRUs/SRUs.

In any scale based census system of provisioning, the anticipated percentages of repairable assets which can be converted into serviceable assets are taken into account only. The percentage is referred to as percentage yield of repair.

(d) **Reserves**

This method is utilised to cater to authorised Maintenance reserves like Aero engines, Radio sets etc.

(e) **Maintenance War Reserve-**

This is the stock level below which no peace-time demand is serviced.

(f) **War Wastage Reserve**

(g) **Technical based inputs**

This method is used when the requirement is based purely on technical inputs like for e.g.

(i) Incorporation of Bulletins, modification, STs etc

(ii) To undertake activities not undertaken in the past

(iii) To undertake technical activities as per manufacturer instructions as amended from time to time.

1.8 PROVISIONING FORMULA

Estimation of requirements is done to arrive at the requirements over the Maximum Establishment Potential (MPE) period. The provisioning formula for various kinds of items are as given below:

1.9 AIRCRAFT SYSTEMS

The provisioning of spares for aircraft systems is done separately for 1st/2nd line and 3rd/4th line spares.

a) Provisioning for 1st/2nd line spares

The provisioning formula for 1st and 2nd line spares is as given below:-

Net requirement = Gross requirement (GR) -Assets (A), where,' The gross requirement is worked out for the MPE period. This is done by calculating the Current Annual Rate (CAR) of consumption and multiplying it with a factor called the Forecast Factor (FF).

Thus, GR = CAR x FF

For calculating the CAR, recurring consumption during the preceding 12 months and the recurring dues-out outstanding at the time of calculation are taken into account. CAR is, thus, calculated as below:

CAR = Total of recurring consumption during past 12 months + Recurring dues-out -Recurring dues-out at the beginning of the 12 months' period. .For calculating CAR, past consumption is reckoned separately for 2 half-year periods so that in case of consumption for one half year period not being realistic, the figure for the other half year is doubled to arrive at 12 months' consumption. Where no consumption is recorded for 12 months prior to the date of review, the average consumption during 24 months prior to the date of review is taken into consideration for calculating CAR. The same period is taken for calculating the FF. However, since last three years, for calculating the CAR, HQ Maintenance Command had issued directions that annual consumption should be worked out with reference to average of last 5 years consumption which gives better/more realistic average.

Certain corrections are applied on CAR based on various factors such as climatic conditions, age of equipment, heavy consumption due to some technical fault, and level of operations etc. Accordingly SSF and RAF are also updated.

A distinction is made between consumption of spares against regular maintenance task and consumption against special tasks (due to special program). The consumption against regular task assigned at the beginning of the year is taken as recurring consumption while the consumption against special task is taken as non-recurring. Only recurring consumption is taken into account for the purpose of provisioning.

The provisioning formula for 1st/2nd line spares is based on the principle that the annual rate of consumption is proportional to the number of operating hours per year.

Thus, FF = achievable planned flying hours during the MPE period/divided by actual flying hours during the past period of 12 months.

Assets are a function of current stock at the ED and ASP, stock expected (dues-in) and pending demands (dues-out).

Thus, A = stock (at ED+ASP) plus dues in minus dues out.

(Note) Dues In: The quantity of an item provisioned for a future period, contracted and not received from the supplier at any given point of time is treated as the dues-in. This quantity is deducted from the forecast requirements, so as to prevent build-up of stocks due to multiple counting.

Dues–Out The quantity of an item demanded by an operating unit, but not issued due to shortage/non-availability of stock is recorded as dues-out at the supply agency. As and when the stocks are available due to repair of unserviceable items or upon receipt from suppliers, issues are made against this dues-out to operating units/demanding agency).

b) Provisioning for 3rd/4th line spares.

The provisioning for 3rd and 4th line spares is based on the maintenance repair task and consumption. The provisioning formula for 3rd and 4th line spares is as given below:

Net requirement = Gross requirement (GR) -Assets (A), where, Assets (A) = stock at BRD (current stock + yield of repair) + dues-in -dues-out.

The method for calculating gross requirements differs slightly for mandatory, non-mandatory and AGS spares.

For mandatory Spares

Average consumption per task will equal to per off, since all the spares have to be considered as consumed and replaced during the servicing.

Thus, GR = per off x task planned during the MPE period

For non-mandatory spares (where consumption norm < 0.9),

GR = Average consumption per task x task planned during the MPE period

For AGS spares

The provisioning formula does not consider the task and the average annual consumption during the provisioning period is assumed to be identical to the past average annual consumption.

Thus, GR = Average annual consumption x FF

(c) Provisioning of Rotables

The net requirements are equal to the difference between the assets and the liabilities.

Net requirement of new rotables=Liabilities –Assets where Liabilities = maximum authorized holding at all Units, EDs and repair agencies during forecast period + anticipated Cat Es during forecast period and, Assets = serviceable stock at Units, EDs & repair agencies + serviceable stock in transit + quantity anticipated to be made serviceable after overhauling of unserviceable stocks at Units, repair agencies and that in transit + dues-in.

The anticipated Cat E arising at operating units during the forward period is calculated as follows:

Anticipated Cat E arising at Units = CAR x FF x condemnation ratio where, Condemnation ratio = Quantity rendered Cat E during the past one year/CAR.

Therefore, Anticipated Cat E arising at Units = FF x quantity rendered Cat E during past one year at Units.

Similarly, the anticipated Cat E arising at repair agencies during the forward period is calculated as follows:

Anticipated Cat E arising at repair agency = [(Anticipated external

Cat Ds + Anticipated internal Cat Ds) x (1-Yield Of Repair in desimals)].

Where, Anticipated external Cat Ds = (CAR x FF) -minus anticipated Cat E arising at Units

Anticipated internal Cat D arising (for repairables which have to be mandatory overhauled during aircraft overhaul stage), = forecast task for aircraft overhaul x fitment quantity.

While for repairables which do not have to be mandatorily overhauled (only on-condition basis):

Anticipated internal Cat Ds = internal Cat D arising during last year x (aircraft overhaul task for forecast period/total aircraft overhaul task for the last year).

2. CRISP ITEMS (Clothing Requirements Issue and supply procedure for Personal Clothing Items for Airmen)

The estimation of CRISP items is based on the scale per person, life of the item and the MPE period. The provisioning formula for CRISP items is as given below:

Gross requirements (GR) = STR x Scale x MPE period/life of item

Where, STR is the total strength of personnel

2.1 PROVISIONING PROCEDURE

The provisioning procedure for 1st and 2nd line spares is different from 3rd and 4th line spares.

2.2 PROVISIONING PROCEDURE FOR 1st AND 2nd LINE SPARES

The provisioning for 1st and 2nd line spares is done at the EDs. The provisioning is based on consumption and flying hours as explained above. At present, recurring issues from EDs are taken as consumption for the purpose of provisioning. The provisioning procedure is as detailed below:

a) The consumption, forecast factor (FF), UE and flying hours are used to arrive at the estimate for the MPE period. The Directorate of Plans (D Plans) after obtaining Government approval gives planned UE for each type of aircraft in service covering the next five financial year or more to the Directorate of Maintenance Administration (DMA) at the end of each calendar year.

b) ACAS (Ops) lays down the rate of effort for each type of aircraft which is approved by VCAS with the concurrence of IFA (Air HQ).

c) The forecast factor is arrived at by DMA and this is again approved by AOM with the concurrence of IFA (Air HQ).

d) The approved FF, is then circulated amongst EOs/BRDs/HQ MC for raising the periodical reviews (PR).

e) A computerised PR is being generated by all the EDs & BRDs and vetted by HQ (MC).

f) The items showing net requirements are included in the Schedule of Requirement (SOR).

g) The PR and SOR are vetted by the technical staff at the weapon cell.

(h) Once approved, the SoR is converted into indent.

2.3 PROVISIONING PROCEDURE FOR 3RD AND 4TH LINE SPARES

The PRs for 3rd and 4th line spares are carried out at BRDs. The primary input is the task plan and consumption. The procedure is as detailed below.

a) The task is assigned by the concerned weapon cell at Air HQ. This task is based on the expected number of repair arising. The rotable history giving the details of hours done and TBO is used to arrive at the task. The weapon cell prepares a draft task for five years, which comprises one year's firm task and 4 year's tentative task.

b) The task is approved by AOM with the concurrence of IFA (Air HQ) and the approved task is communicated to the BRD. Procedure for preparation & processing of task is given in Leaflet No. 30 IAP 1541 and AOM Canon 04 of 2001.

c) The BRD raises the PR based on the future task and past consumption. The items showing net requirements are included in the Schedule of Requirement (SOR).

d) The BRD also gives the sources of supply and price of the item. The BRD sends the working sheet, PR and SOR to the concerned weapon cell for technical vetting once the PR is approved the SoR converted into indents.

e) The detailed procedure for raising PR is given in AOM Canon 5, 5A 5B, 6 & 7 of 2001.

SECTION – V

1. PROCUREMENT

Procurement refers to the process of finalising contracts, paying suppliers and ensuring that the material ordered reaches the desired location.

1.1 PROCUREMENT RESPONSIBILITY

It has been decided in principle that provisioning and procurement in respect of indigenous items would be progressively transferred to the Maintenance Command. Accordingly, 08 ranges of ac systems, clothing and MT have already been transferred to the Maintenance Command. Authority has also been delegated to Air HQ to further decentralise provisioning & procurement activities to HQ MC in consultation with IFA (Air HQ).

Presently, breakdown spares are purchased by the concerned Maintenance Cells including foreign purchases for AOG/PHU/MCM items. Directorate of Purchase processes purchases for stores from both foreign and indigenous sources through its two wings namely Foreign Purchase Wing (FPW) and Indigenous Purchase Wing (IPW) respectively. However, Foreign purchases by D (Pur) is limited to requirements of decentralised fleets to MC for items other than AOG/PHU/MCM demands.

1.2 PROCUREMENT PROCEDURE

A large number of agencies are involved in the provisioning and procurement activity. These include Air HQ, ED, BRD, AsHSP, MoD, PCDA (HQ), New Delhi, CDA (AF), New Delhi etc. and various indigenous and foreign suppliers. Although, the sources of supply and procurement agency differ for different items, the main steps of the procurement procedure are essentially the same.

suppliers. Although, the sources of supply and procurement agency differ for different items, the main steps of the procurement procedure are essentially the same.

The procurement process involves: -

a) **Clearance by the Authority Holding Sealed Particulars (AHSP)**

AHSP is the inspection agency for a particular item. It technically evaluates the items in SOR for indigenous items. If the indigenous items are proprietary items for a particular supplier, AHSP provides the proprietary certificate for that supplier.

b) **Approval of necessity** - SOR is to be financially approved by Competent Financial Authority (CFA), before tender enquiry can be raised. CFA approves the SOR after verifying the basis of requirement (whether the nature of stores demanded under the proposal for procurement are appropriate -1st & 2nd or 3rd & 4th line of spares, overhaul or maintenance spares or AOG demand), whether the SOR has been technically vetted by the concerned weapon cell and whether the items have been priced correctly (according to last procurement price after adding normal rate of escalation or price list or assessed price or Budgetary Quote).

c) **Raising of tender inquiry** - Tender enquiry is sent to suppliers for inviting quotations. There are three types of tender enquiry namely, Open (for any supplier), Limited (for only selective, authorised supplier as decided by the Weapon Cell) and Single (for only one authorised supplier as decided by the Weapon Cell). Decision of the Weapon Cell requires concurrence of IF A (Air HQ).

d) **Receipt of quotations and preparation of Comparative Statement of Quotations (CSQ)** - The quotations from various

suppliers are received by the procurement agency (Maintenance Cell or Directorate of Purchase). The CSQ is prepared to facilitate finalisation of contract in respect of /foreign procurement list of foreign suppliers has been given in AOM Canon 10/01.

e) **Approval of the contract** Draft contract of purchase is sent for approval to CFA

After the draft contract of purchase is approved, Unit Order (UO) number is assigned for final contract.

f) **Noting of foreign exchange outflow schedule** Foreign exchange noting is done at Directorate of Maintenance Administration (DMA) and Directorate of Financial Planning (D Fin P).

g) **Dispatch and receipt of material** The material is dispatched by the supplier to the consignee (specified in the contract).

h) **Payment** Payment is an integral part of the procurement process, but is more convenient to depict separately. Payment procedure has been explained subsequently.

Note: AHSP are 'inspecting agencies'. These organisations lay down and maintain specifications for a range of items. They also develop specifications for new items and maintain sources of supplies. These organisations do first time purchase or developmental purchases where specifications have not been laid down. There are a number of AHSP for different types of items. For example concerned AHSP specific to IAF equipment is the DGAQA (Director General of Aviation Quality Assurance) and erstwhile DTD&P (Air) -(Directorate of Technical Development & -Production) located at Delhi. Similarly, JDQAS (Joint Director Quality Assurance Services) is the -AHSP for clothing items and

CQA TE is the AHSP for textiles, Kanpur, (CQAFFE for Fire Fighting (Pune) (CQAV – for vehicle (Ahmadnagar).

The noting of scheduled outflow is done by Directorate of Maintenance Administration (DMA) and Directorate of Financial Planning (D. Fin. P.). DMA monitors the budget for maintenance (Spares) while D. Fin. P. does the monitoring for all expenses (including maintenance).

The procedure for procurement from various sources is as follows:

1.3 PROCUREMENT FROM CIS SOURCES

Procurement for CIS manufactured weapon systems is carried out by the weapon cells handling the weapon systems. The steps involved are explained below:

a) The PR received from BRDs/EDs are processed by HQ, MC & the Weapon Cell for technical vetting and import clearance. They may also add to the list of potential suppliers.

b) The SOR is sent to Directorate of Maintenance Administration (DMA) for noting.

(c) The draft indent (SoR after noting) is sent for approval of necessity to AOM or MoD depending on the total value of the indent.

d) The approved indent goes back to the relevant maintenance cell, which raises a tender inquiry.

e) On receipt of quotations, the maintenance cell validates the quotations and prepares a comparative statement. It prepares a draft

contract and sends it for approval. The approving authority for i contract may be either within the IAF or outside at MoD.

f) Once the purchase approval is accorded, the maintenance cell places supply order.

g) The outflow of foreign exchange is noted at DMA and Directorate of Financial Planning (D.Fin. P.).

h) The supplier dispatches the material to the consignee.

1.4 PROCUREMENT FROM NON-CIS SOURCES

The steps involved are the same as for CIS with the difference that where approved price list as for example in Main Mirage Agreement, the necessity & expenditure angle clearance could be combined powers to accord approval of necessity and contract have been delegated to the procurement agency as well as to the Tender Purchase Committee (TPC). The TPC comprises the following basic members namely, Chairman, finance member, indentor member, AHSP member. The TPC may be headed by Director Purchase, ACAS, AOM at IAF level and Joint Secretary, Addl. Secretary or Secretary at MoD level depending on the value of the proposal.

1.5 PROCUREMENT FROM INDIGENOUS SOURCES

Indigenously manufactured items are normally procured through the Directorate of Purchase. The process differs from foreign procurement in the following manner:

a) There is no foreign exchange noting

b) All goods supplied are inspected by a designated inspection agency before the material can be taken on charge or payment effected. The

representative of the inspection agency usually does the inspection at the supplier's premises.

1.6 PROCEDURE FOR PROCUREMENT FROM HINDUSTAN AERONAUTICS LIMITED (HAL)

The procedure for procurement from Hindustan Aeronautics Limited (HAL) differs slightly from the normal process of procurement from other suppliers. Orders for fresh material can be placed on HAL both by Air HQ as well as of the Maintenance Command. In addition, several orders for repair of rotables by HAL can also be placed. The orders placed on HAL by Air HQ are called 'Repair, Manufacture and Supply Orders' (RMSOs), while those placed by the Maintenance Command units are called 'Local Repair, Manufacture and Supply Orders' (LRMSOs).

a) Procedure for RMSO

If the site does not have the required material it will send a Not Available (NA) -list to the Demand Control Office (DCO).

The DCO sends an inability to HQ MC/Air HQ which initiates action on raising a Repair, Manufacture and Supply Order (RMSO).

The RMSO is processed by the concerned Maintenance Cell.

Once the RMSO has been approved, it is sent to the concerned HAL Division. The prices are based either on the approved price list or the price indicated by HAL for 'Bought Out Items';

HAL informs Air HQ about acceptance or rejection of the RMSO.

HAL raises sales order (SO) and work order (WO) against the RMSO. It intimates SOIWO number to RMS division.

It carries out manufacture and informs RMS Division of work progress.

HAL prepares Dispatch Route Card (DRC) as well as A&I note (Q 423 modified).

The item is sent along with A&I note to RMSD. HAL also sends the dispatch advice to RMSD.

The ED/AFLE receive the item along with the A & I note and Dispatch Advice note. It allots an A&I no. and enters in the Store Inward Book.

The material is sent to the concerned site along with three copies of A&I note and a copy of Dispatch Advice and SIB register.

The material is brought on charge by the group in charge who signs on the SIB register. Duplicate copy of A&I note and DA copy is made.

The stock balance is updated on the tall card from the A & I note (Q) 423(Modified).

(b) **Procedure for LRMSO**

LRMSOs are placed by AFLEs and EDs co-located with M/s HAL i.e. 25, 26 & 29 ED. The procurement procedure for an LRMSO is essentially the same as that of RMSO. The RMS Division checks master part list of HAL. If items are available, it raises an RMS order (in triplicate for repair and seven copies for manufacture). It enters the estimated cost

and the remaining copies are sent to HAL (alongwith the cat'D', in case of repair)with the item.

Pricing of RMSO & LRMSO is done in accordance with AOM Canon 01 of 2002.

1.7 PROCEDURE FOR LOCAL PURCHASE

The previous pages describe the process of procurement by Air Headquarters and HQ, MC. A number of items are also procured locally by the EDs, BRDs and wings. Such procurement is classified as 'local purchase'.

1.8. PAYMENTS

Payment can be made against an invoice or against a letter of credit.

1.9 PAYMENTS AGAINST INVOICES

The payments to both foreign and indigenous suppliers can be made against invoices. Invoices go through a formal process of clearance, both at the MoD as well as within the IAF, before payment is finally released by the Principal Controller of Defence Accounts (HQrs.) or Controller of Defence Accounts (Air Force), New Delhi or JCDA (AF), Nagpur.

Foreign procurement requires additional approvals for foreign exchange payments. The detailed payment procedure is as given below:

(a) The maintenance cell receives the invoice and other dispatch documents from the supplier.

(b) Payment Co-ordinator at Air HQ enters the details of Form A 1 and sends it for noting to DDMC.

(c) DDMC makes the noting and forwards to D Fin P.

(d) D Fin P notes and then sends them to MOD/AOM.

(e) The CFA sanction is given in consultation with IFA (Air HQ)/MoD (Fin.) and the documents are forwarded to D (Budgets).

(f) D (Budgets) gives a UO number to the documents and then sent them back to the payment coordinator at Air HQ.

(g) The payment coordinator at Air HQ instructs PCDA (HQ), New Delhi for the payments against invoices.

(h) PCDA sends the details of the payments made to the supplier as per the instructions given by Air HQ. The details of payments' include the covering letter, invoice, dispatch documents, form A '1, UO note and GL/sanction letter.

(i) Payment can be made either through LC or through Direct Bank Transfer (DBT).

(j) The PCDA sends the payment details to the Maintenance Cell which forwards it to DDMC for noting.

2. PAYMENTS AGAINST INVOICES (INDIGENOUS)

Payment against invoices for indigenous procurement differs from foreign procurement, in that no foreign exchange is involved. Form A 1 (application for remittance in foreign currency) is not filled on receipt of CRV from the consignee. The CDA (AF), New Delhi makes payment to the supplier by cheque.

2.1 PAYMENTS AGAINST LETTER OF CREDIT (LOC)

2.1 PAYMENTS AGAINST LETTER OF CREDIT (LOC)

In foreign procurement cases, suppliers insist payment on a letter of credit. The procedure is as detailed below:

a) Payment Co-ordinator at Air HQ sends the request for opening of LC along with DGL/Draft Sanction Letter to DDMC for noting.

Form 2 (application cum guarantee for LC) must be filled for opening the letter of credit and sent along with the request. If the payment has to be made in foreign currency, then Form A 1 (Application for remittance in foreign currency) should also be filled.

b) DDMC notes and sends the documents to D Fin P.

c) D Fin P after noting sends them to CFA for approval.

d) CFA approves it in consultation with IFA (Air HQ).

e) IFA (Air HQ) gives a UO number and sends it back to the Weapon Cell.

f) Weapon Cell sends the request with UO number and sanction letter to PCDA.

g) PCDA then instructs SBI to open LC in supplier's bank.

SECTION – VI

1. STORAGE

The stock holding policy for Air Force Equipment was revised vide AFCO1, dated 17 February, 1990. According to this AFCO, the stock holding points for various items have been defined as follows:

(a) First and Second Line Spares -1st and 2nd line maintenance spares are held at EDs. The spares have been divided between EDs according to vocab sections. The stocking has been done so that all the stocks for a particular range of weapon system and major equipment are held centrally at a particular equipment depot. The ASPs hold the ARS items up, to six months requirements of the operating units under them.

(b) Third and Fourth Line Spares -All third and fourth line spares are held at stores attached to the BRDs (called the Logistics Support Wings (LSWs) or ED located alongside the repair agency.

(c) Rotable repairables -All rotables serviceable and unserviceable are held at the support wings of the BRDs or EDs located alongside the repair agencies responsible for repair of such rotables. In case of repair agency being a civil organisation, the designated AFLE/ED holds such rotables. After repairs, serviceable class 'A' and 'B' stores are to be despatched to appropriate stock holding depot.

The AFCO 1/88 gives the repair agencies with details of range of equipment, repair agency, or formation where repairables are to be sent and accounting unit to which vouchers are to be sent.

The stock holding norms for aircraft spares at various storage points are given in Table below:-

STOCK HOLDING NORMS

Stocking point	ARS (in months)	NON-ARS (in months)
ED	Up to 21 months	21 months
ASP	6 (Part of 21 months at ED)	0
Unit	3-4	3-4

Figures in the table indicate months of consumption.

SECTION – VII

1. DEMAND, SUPPLY AND DISTRIBUTION

Demand management refers to the process of registering demands and issuing material. Demands can originate at the wings and at the BRDs. These demands can be for spares, consumable items explosives, clothing or rations.

1.1 DEMAND PROCESSING FOR 1ST AND 2ND LINE SPARES

Demands for spares, originating from the wings can be for two kinds of items – Non ARS and ARS. Non-ARS items are stored between 3-4 month of consumption and are replenished against specific demands. ARS items are those fast moving low value ac spares regularly required for regular maintenance activities at the units. These items are stocked to meet 1000 flying hours of requirement at the units. Demand for ARS items are sent in the form of ARS booklets. The parameters for arriving at stock levels at various points is prescribed. The existing inventory holding norms are as given subsequently.

For Non ARS items users demand and get material from the wing stores/FSS. If the stores run out of stock, demands are forwarded to the ED, which process the demand and issues the item to the consignee unit.

1.2 DEMAND PROCESSING FOR 1st AND 2nd LINE SPARES (ARS ITEMS)

The procedure for demanding 1st and 2nd line ARS spares is given below:

(a) These are stored at FSS ((Forward Supply Stores) co-located with the users. The items are collected on as required basis by the users.

(b) If the item is available, it is issued, otherwise store declares the item as NA (Not available). The unit can raise an external demand on the ASP. The external demand is raised on external demand and issue voucher (Q 429).

(c) The ARS items are held at the units according to pre-determined scales and replenished every month. This is done by sending a request to ASP on the 'ARS booklet'. The ARS booklet gives the scale at the unit, stock position and the deficiency as per the scale.

(d) On receipt of the ARS booklet, ASP approves the demand and issues the item to the consignee unit.

(e) The item is dispatched along with the relevant dispatch documents and a copy of the issue voucher and packing note is sent along with the consignment. An advance copy of the issue voucher is also sent by post to the consignee unit so that they can match the consignment against the issue voucher.

(f) Similarly, the ASP also places a demand on the ED every month for replenishment up to six months of stock. It also uses an ARS booklet for this purpose.

1.3 DEMAND PROCESSING FOR 1ST AND 2ND LINE SPARES (NON-ARS)

For Non-ARS items – users are allowed to hold up to 4 months of their anticipated requirement. When the stocks fall to 3 months, units send demand to the EDs. Depending on the urgency, these demands are called AOG, USR, USR or Normal. The demand is raised on form IAFQ 429 or a signal.. The external demands are placed on the concerned EDs.

1.4 DEMAND PROCESSING FOR EXPLOSIVES

Maintenance Cell at Air Headquarters approves the demand and gives the release order to the concerned storage agency to issue the item.

1.5 SUPPLY AND DISTRIBUTION

Transportation plays an important role in the supply of material. Various agencies like the supplier, MCU and transportation sections of consignor and consignee units are involved in supply and distribution of material. The material may move directly or through one or more nodal agencies to the consignee.'

The MCU acts as a nodal agency for collecting and forwarding material to the consignee. The" items may be coming from India or abroad. In case the item is dispatched by a supplier within India, it will be accompanied by relevant dispatch documents and inspection notes. The Advice and inspection note Q 423(modified)is raised by HAL and PSUs. CRI who is the representative of the inspecting authority at the supplier's end undertakes the inspection took on behalf of IAF. The items are received at the transportation section of the consignee, where a receipt voucher number is alloted and the material is sent to the concerned site on a Stores Inward Sheet (SIS). Consignments from abroad are normally received at the MCU and Embarkation HQs at Mumbai, Calcutta, Chennai and Cochin. The MCU receives the dispatch advice in advance if items are despatched by air. It receives the items along with the dispatch documents like the Airway Bill (AWB). The MCU sends the item to the consignee along with the Packing Account and Truck Out Sheet (TOS). It also prepares a Final Out Turn Report (FOTR) which gives details of the items sent out by the MCU.

To ensure faster and regular delivery of consignments, IAF started the Integrated Transportation System (ITS). This system comprises transportation of Air force stores by rail, road and air (both service and civil). Under this system

units/ASP are linked with supply agencies by a network of service and civil transports in addition to the existing IAF couriers.

HQ Maintenance Command is the controlling authority for service transport/civil hiring and manpower. The regulations for despatch of spares are laid down in IAP 1501, Chapter 3. In addition, some more guidelines have been added vide AFO 12, dated 26 the November, 1994. According to this AFO, certain nodal points were designated to expedite regular despatch of items' by ITS and coordinate receipt/despatch of items from HAL and units in proximity as given in the table below.

Nodal Points

S. No.	Unit	To coordinate with
1.	31 MCU	7 BRD, 56 ASP, AMSE
2.	29 ED	AFLE Lucknow and Kanpur
3	25 ED	11 BRD, 25 ED detachment
4	24 ED	AFLE Korwa
5	26 ED	Training Command Units, Bangalore 5 BRD
6.	24 ED	Units under CAC.

SECTION – VIII

1. DISPOSAL OF SURPLUS STORES AND SALVAGE

Disposal of surplus and obsolete equipment is one of the important inventory functions. Besides trimming inventory levels and minimizing inventory carrying costs, timely disposal can also recover significant portion of the capital invested on the inventory. It also releases much needed storage space for storing active inventory. Surplus stores are those which cannot be utilised against present or anticipated future requirements. These include inactive stores and obsolete equipment or expired items. Latest guidelines regarding disposal of surplus stores/salvage are given in AFO 19/2000. Disposal of such surplus stores can be classified as follows:

(a) Disposal of surplus current equipment

(b) Disposal of equipment becoming surplus as a result of being declared obsolete

(c) Disposal of surplus security equipment.

(d) Disposal of phased aircraft.

Salvage or waste equipment is categorized under two headings as follows:

(a) Items conditioned as salvage for disposal in the 'whole' state.

(b) Scrap metal and other scrap materials arising from the breaking down of condemned articles, or from various mechanical processes employed in the service.

Some of the items are accounted for by weight and some by both weight and number. The two categories are listed under Appendix 'N' of IAP 1501.

1.1 PROCEDURE FOR DISPOSAL

The procedure for disposal is as described below:

(a) Air Headquarters gives instructions to units to compile data on surplus, inactive and obsolete items.

(b) RSIS (Rationalization Scheme for Identification of Stores) is carried out based on the list. A final list of surplus/inactive items is then sent to Air HQ for further action.

(c) Air Headquarters then performs technical vetting of the final list and sends instructions to units to prepare surplus report.

(d) The units prepare the surplus report and allot a surplus report number to it.

(e) Surplus report is sent to M/s MSTC or any other Government approved auctioneer for disposal of the items included in the surplus report.

(f) Simultaneously a Board of Officers is assembled to fix up minimum reserve prices (MRPs), which are kept secret.

(g) The Government auctioneers, on receipt of the surplus reports either float tenders (M/S MSTC are doing that) or arrange a public auction (private auctioneers are doing so).

(h) In the case of disposal of stores by open tender, bids received are analysed and highest bids are intimated by M/s MSTC to the unit who in turn conveys acceptance or otherwise thereof to M/s MSTC after comparing with MRPs and obtaining CFA approval.

(i) M/s MSTC then issues sale letters to the successful bidders, who are also asked to deposit balance sale value (after adjusting EMD deposited by them with the tender) in the form of MROs.

(j) After receipt of full sale value (including EMD) from the successful bidders, M/s MSTC issues delivery orders and sends the sale with MROs of the sale value to the concerned unit.

(k) Based on the instructions given in the delivery order, the unit then releases the stores to the buyer.

(l) Using the Sales Results, the units prepare External Issue Voucher IAFF (Q) 431. One copy of the External Issue Voucher is given to the Bidder and one is sent to LAO.

(m) The stocks in the Tally Cards is accordingly updated to reflect the changes.

Note :- The above procedure is followed for disposal of surplus stores as well as salvage items.

1.2 PROCEDURE FOR SALVAGE

Given below are the steps involved from initiating the salvage process to the final disposal of items either to an Army Salvage Depot or reduction of item at the unit itself.

(a) Unclassified equipment (equipment whose category is to be established) that does not require dismantling before being tested or inspected is submitted on inspection Note (Form ((O) 408) to the Chief Inspection Officer.

(b) Unclassified equipment that can be dismantled by personnel of site is also submitted on Inspection Note (Form (0) 408) to the Chief Inspection Officer. Subsequently, the repairable/serviceable items are brought on charge using a Conversion Voucher.

(c) Unclassified equipment requiring dismantling prior to test or inspection by skilled staff is submitted by preparing Application for Testing and Inspection (Form (0) 401).

d) After the dismantling, test, inspection and production serviceable assemblies are over, the Chief Inspection Officer returns the Form (0) 401 along with repairable/serviceable terms recovered.

(e) The Cat E items from Q 401 are deleted and a Certified Receipt voucher is prepared which is passed to the Salvage Officer along with the Cat E items. Form (0) 401 is given a Conversion voucher number by SRS personnel and the stocks updated.

(f) The Salvage Officer brings on charge unserviceable items from the Certified Receipt voucher given by the Chief Inspection Officer.

(g) Unserviceable equipment that is not "broken down" is brought on charge by updating stocks and entering the quantities under appropriate salvage nomenclature and later struck-off charge on Form (0) 431 when transferred to Army Salvage Depots.

(h) Unserviceable equipment that is to be "broken down" is maintained on a "Produce Book," under each category. Items that are "broken down" are first brought on charge on Produce Book the CRV number is quoted and later on struck - off charge when it is reduced to produce.

SECTION - IX

1 ACCOUNTING AND AUDIT

The existing system of accounting and audit is outlined in this section.

1.1 ACCOUNTING

This accounting of stores is to follow principles of sound store keeping. All the transactions (receipts and issues) are recorded on the single stock record card Q 468. Posting of vouchers on Q 468 is actioned by equipment assistants. At present, vouchers are prepared and forwarded in respect of every equipment.

1.2 AUDIT

The audit of accounts and connected records for all IAF units and formations is conducted locally under orders of the CDA, Air Force, Dehradun. The Commanding Officer (CO) of each unit is to arrange that the accounts, relevant vouchers and documents are made available to the audit staff when required. Objections raised by Local Audit Officers (LAO) are replied. The LAO informs Joint/Deputy/Assistant CDA, (AF) who informs the Command HQ. Command HQ issues instructions to the concerned unit which is to reply to all objections.

SECTION – X

With the decentralization of provisioning, the Inability monitory, review and AOG monitoring are now carried out at HQMC/ED. However, the supply progression system (SUPROS) is maintained at Air HQ (MIS)

1 SUPPLY PROGRESSION SYSTEM (SUPROS)

SUPROS aims at effective progression of indents and record data' on lead time, sources of supply, budgetary control and dues-in to ensure timely supply of spares. SUPROS produces automatic hasteners for items under supply and reports hold ups in supplies. The inputs to SUPROS are Indents, Direct Purchase Orders (DPO), Contracts, Invoices and receipt particulars. The system generates reports on progression of supplies (like indents waiting acknowledgement, indents waiting contractual action, contracted items overdue for supply), dues-in position, consignee-wise indents, invoices awaiting CRVs, lead time and linking of invoices against receipt from consignee.

GENRAL GUIDELINES FOR ENTERING INTO CONTRACTS

The following general guidelines for contracts have been laid down by the Govt of India:-

(a) Save in exceptional circumstances, no work of any kind should be commenced without prior execution of contract documents. Even in cases where a formal written contract is not made, no order for supplies etc. should be placed without at least written agreement as to the price.

(b) The terms of a contract must be precise and: definite and there must be no room for ambiguity or mis-construction thereon.

(c) No contract involving an uncertain or indefinite liability or any conditions of an unusual character should be entered into without the previous consent of the Ministry of Defence/Defence (Finance).

(d) Subject to adequate prior scrutiny of terms, general or special, if any, standard forms of contracts should be adopted, wherever possible. The alternatives used in the standard forms, which are not applicable, should be invariably scored out in consultation with the Ministry of Defence/Defence (Finance).

(e) In cases where standard forms of contracts are not used, legal and financial advice should be taken in drafting the contracts and before they are finally entered into.

(f) The terms of a contract once entered into should not be materially varied without the Previous consent of the authority competent to enter into the contract as so varied. No payments to contractor by way of compensation or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorised without the previous approval of the competent authority.

(g) No relaxation of specifications agreed upon in a contract or relaxation of the terms of an agreement entered into by Air Force Authorities should be made without proper examination of the financial effect involved in such relaxation. The interest of the public exchequer should be taken due care of before agreeing to any relaxation of agreement or contract.

(h) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.

(i) Before entering into a contract or an agreement, all pros and cons should be considered and validity .of contractual documents should be ensured. Effective administrative machinery should also be setup to keep a vigil on the performance of parties concerned.

(j) Provision must be made in contracts for safeguarding Government property entrusted to a contractor and the recovery of hire charges, if any, therefor.

(k) When a contract is likely to endure for a long period or where the contract provides for a clear schedule for the fulfillment of the various stages of the contract, it should include a provision for unconditional power of revocation or cancellation at the discretion of the Air Force Authorities at any time on the expiry of reasonable notice to that effect. The period of notice should not normally be longer than 6 months.

(l) All contracts should have a provision for recovery of liquidated damages for defaults on the part of the contractor, unless there are any special instructions issued by the competent authority. The terms of contract for the purchase of perishable stores should invariably include a

(separate) Warranty Clause a model of which is given in Form G.F.R.I. This form may, however, be modified to suit local conditions.

(m) Where escalation in respect of labour, overheads, customs duties, freight etc. is provided for in a contract the basis for the calculation of the same should be clearly indicated.

(n) Cost Plus' contracts should be avoided except where they are inevitable.

(o) Lump sum' contract should not be entered into except in cases of absolute necessity. Whenever such contracts are entered into all possible safeguards to protect the interest of Government should invariably be provided for in the conditions of the contract.

(p) The Comptroller and Auditor General and under his direction other audit authorities have power to examine contracts and to bring before the Public Accounts Committee any cases where competitive tenders have not been accepted, or where other irregularities in procedure have come to light.

PROCUREMENT OBJECTIVE AND PURCHASE POLICY

PROCUREMENT OBJECTIVE The main objectives of public buying are:-

1. (a) To procure stores of specified quantity and specified quality.

(b) To procure stores on a competitive basis at the lowest reasonable price.

(c} To procure stores with a planned timely delivery.

2. **PURCHASE POLICY**:

The purchase policy to be adopted in 'procurement process should be as per the guidelines of General Financial Rules (GFR) and FR the salient features of which are:-

(a} to make purchase of stores for public service in such a way as to encourage development of indigenous production of stores to the utmost possible extent.

(b) to provide price and or purchase preference upto specified limit as may be prescribed by the Government from time to time to the stores manufactured by Cottage and Small Scale Industries and Public Sector Undertakings over those manufacture by private large scale industries.

(c) to ensure quality of products and timely supplies.

(d) To ensure total transparency in the procurement process as per the rules and CVC guidelines on the subject.

3 TYPES OF PREFERENCES

The Government has issued administrative instructions, in furtherance of the policy on purchase and price preference and the procedure of procurement as applicable to each of the preferred sector. The preferences considered to above sectors of industry are as under:

(a) Product Reservation
(b) Purchase Preference
(c) Price Preference

4 PRODUCT RESERVATION ~

PURCHASE OF KHADI ITEMS –PROCUREMENT FROM KVIC:

All items of handspun and handwoven textiles (Khadi Items) are reserved for exclusive purchase from KVIC/ACASH/SSI. List of all. such khadi items is given in Annexure-3.

Procurement of these items will be made by inviting sealed tenders through Open Tender Inquiry or Limited Tender Inquiry as the case may be. In the process of procurement other things being equal, the "purchase preference would be in favour of KVIC/ACASH/SSI in that order.

PROCUREMENT OF OTHER ITEMS NOT SO RESERVED

For the items falling under this category PSUs and Large Scale Private Industries will also be invited to participate.

5 PRICE PREFERENCE:

5.1 As a general rule, if offers are received from both large scale and SSI- but some of the lowest offers are from the large scale units, the offers of the SSI should merit acceptance by according price preference upto 15% over the lowest

acceptable offer from the large scale private sector units provided, of course, if the stores are technically acceptable and satisfy the basic considerations of delivery and capacity.

Price preference admissible to Small Scale Industrial Units, will be accorded on a tender to tender basis, on merits of each case in consultation with Finance in terms of General Financial Rules, as reproduced below:

Price preference up to a specified limit as may be prescribed by Government from time to time can also be allowed to goods manufactured by Cottage and Small Scale Industries which are approved either by Ministry of Commerce and Industry or the central purchase organisation over those manufactured by Large Scale Industries. Each case of price preference should be considered strictly on merits in consultation with the Integrated Financial Adviser or the MoD (Fin.) as the case may be, and in such a manner as to discourage inflation and to prevent profiteering and creation of a sense of complacency in regard to the need for improvement of efficiency and economy in production.

In case where the Cottage and Small Scale Industry has established itself as a supplier of certain specified items on competitive terms and enjoys an advantage over the Large Scale Industries, no price preference need be given and order for such items will be placed on them to the fullest possible extent before orders are placed on large Scale industry.

The basic principle behind the policy of price preference to small scale industrial units is that such a preference is considered necessary in those cases where units need protection and cannot stand on their own in competition with large scale sector. The price preference to be accorded to SSI units, therefore, should be on a tender to tender basis keeping in view the basic considerations of conformity to specifications, quality, capacity etc. The Purchase Officers are to exercise their discretion to grant price preference judiciously. They may, where considered necessary, call, detailed break-up of cost of production where prices quoted are substantially higher than the last purchase price and have reasons to believe that higher price is being quoted merely to avail of the price preference. If

small scale unit has in the previous years successfully supplied goods without availing of the benefit of price preference, or with a price preference substantially lower than the maximum preference admissible the purchase officer would be justified in making further enquiries as to how the cost of production of small scale unit has substantially gone up justifying price preference or a higher price preference. At the same time, it may be noted that even though the small scale unit might have succeeded in securing an order in competition with large scale unit at a point of time without price preference, it does not necessarily mean that it is in a position to compete with a large scale unit later also. Therefore, each case of price preference will be examined by itself.

The question of granting price preference will not arise in the following cases:-

(i) Where competition exists amongst the small scale units alone or where the items are exclusively reserved for purchase from SSI Units; and

(ii) Where the tenders are received from both the SSI Units and large scale units and the lowest offers are from SSI Units and their capacity is more than adequate to meet the demand in hand.

Small scale units when they quote in consortium under the NSIC/ SSIDC/State Leather Development Corporation/state Government Handicraft Development Corporation where the NSIC/State Development Corporation a quote on behalf of some SSI Units, their offer is to be considered as an offer from SSI Unit registered with NSIC. The NSIC/State Development Corporation on will shoulder the normal responsibilities applicable under terms and conditions of the DGS&D and fulfil all the contractual obligations on behalf of the units for which they quote.

These facilities will not apply to the procurement of the under mentioned items: -

(i) Paint items for the Railways.

(ii) Drug

(iii) Medical and Electro-Medical Equipment.

(iv) Requirements of Defence where inspection is to be carried out by the Defence Inspection organisation.

(v) Items for which QA Wing specifically ask for Capacity Report and indicate in the tender Inquiry.

PURCHASE PREFERENCE. FOR PUBLIC SECTOR UNERTAKING

As per the current policies of the Government Preference may be granted to 'Public Sector Undertakings' when they compete with Private Large Scale Units.

In Ad-hoc purchase the purchase preference in favour of PSUs would be applicable as per following guidelines:

(a) Where the quoted prices of Public Sector Undertakings are not within the 10% of lowest, acceptable price such offers may be rejected without any further: consideration.

(b) Where the quoted price is within 10% of the lowest acceptable price, other things being equal, purchase preference may be granted at the lowest acceptable price.

In case of Rate contract the above procedure will be followed except that the purchase preference would be applicable if a Public Sector quotes a price 10% higher than the top price at which rate contract is decided under the system of parallel rate contracts. All the Central Government Public Sector Undertakings or joint ventures with Public Sector Units with a minimum value added content of over 20% by the latter are entitled for consideration of purchase preference, subject to purchase being in excess of Rs.5 crore.

In cases where there is a conflict between the incentive to be given to the small scale sector and that to be given to the Public Sector Undertaking the interest of the former will prevail over that of the latter. In other words, where, the acceptable offer of a small scale unit is lower or equal to that of the Public Sector Enterprise or even within the range of price preference upto 5% over the Public Sector Undertaking (the price preference to be considered only where it is admissible according to the existing policy and should not exceed 15% over the

lowest offer of the large scale private unit), contract would be placed on SSI Unit in preference to a Public Sector Unit.

A Public Sector Undertaking would not be entitled 'to any price preference when it quotes as an agent of an Indian or foreign manufacturer/supplier. However, where a Public Sector Undertaking is selling goods or services of another Public Sector Undertaking it would be allowed the benefit of price preference.

In cases where the products of Public Sector Units have been offered by a Private Sector as the sole purchase selling/authorised agent, the private sector will not be eligible for price preference.

The above policy of purchase preference is not applicable to State Government Public Sector Undertakings.

Excepting for purchase preference to be considered as above in all other matters such as capacity, specification, deliveries, payments etc. the Public Sector Undertakings would be treated at par with the Private Sector Undertakings and will be bound by all commercial obligations as per the standard terms and conditions of the DGS&D.

Instances of bad and indifferent performance of Public Sector Undertakings, when noticed, should be brought to the notice of the Air HQs/ Ministry/Department controlling the Undertaking.

When a Public Sector Undertaking defaults either in the delivery schedule of material/equipment services or does not complete particular construction/delivery/ erection of a project/equipment satisfactorily, that Public Sector Undertaking need" not be shown purchase preference for a period of 3 years. This ban of purchase preference to the public sector undertaking will be counted from the last default/unsatisfactory performance by the Public Sector Undertaking and non-eligibility for the purpose of purchase preference will be applicable for the entire range of production of the undertaking.

METHODS OF PURCHASE, ISSUE & PREPARATION OF TENDER ENQUIRY

METHODS OF PURCHASE: The recognised methods of purchase are:

1. **BY .INVITATION OF TENDERS**

(a) Advertisement Invitations to tenders by Advertisement.

(b) **Limited Tender** - Should be used as a general rule in all cases. This may be dispensed with by the Competent Purchase Officer as an exception to the general rule, for reasons to be recorded and, in its place, any of the other recognised modes of purchase may be adopted as may be warranted by the circumstances of the case. The detailed procedure for such cases have been given in relevant SOPs.

(c) **Single Tender on PAC** - Invitation to one firm only. When it is to the knowledge of procuring agency that only particular firm is manufacturer of stores demands.

INVITATION OF TENDERS: This system calls for inviting tenders in sealed covers to be opened in public by following anyone of the methods indicated below.

(a) (i) **Advertised Tender** - - To be followed as a general rule in all Enquiry (ATI)/OTE) cases in which the estimated value of Tender Enquiry (OTE) value of demand is Rs. 2 lakh and above.

(ii) **Global Tender Enquiry** - For imported stores where wider competition is considered.

(b) **Limited Tender Enquiry (LTE)** - This method should ordinarily r be adopted in case of all orders the estimated value of which is less than Rs. 2.00.000.

This may be adopted even when the estimated value of demands is more than Rs. 2,00,000 in the following circumstances:-

(i) When sufficient reasons exist which indicate that it is not in the public interest to call for tenders by advertisement. In every such case the reasons must be recorded. .

(ii) When the indenting officer certifies that the demand is urgent and any additional expenditure involved by the elimination of open competition must be incurred. In all such cases the Indenting Officer must place on record the nature of urgency and why the demand could not be anticipated.

(iii) When the source of Supply are definitely known and possibility of fresh source beyond those being tapped is remote. In all such cases approval of the competent authority to dispense with advertisement should be taken as elaborated in relevant SoPs.

(c) **Single Tender enquiry (STE)** - to be adopted in case of stores where conditions which do not find a place in the standard forms and which have been notified from time to time or those considered necessary for a particular store or those based on the instructions contained in the indent etc.

PUBLICITY OF TENDER ENQUIRIES

SINGLE TENDER/LIMITED TENDER ENQUIRIES: Where decision has been taken to purchase the stores by adopting single tender or limited tender system, the tender sets will be sent directly to the suppliers to respond.

ADVERTISED/GLOBAL TENDER ENQUIRIES: Where it has been decided to advertise the demand, advertisement should be given by indicating the requirement briefly, with a view to enabling intending tenderers to have. a clear idea of the stores to be purchased. This is done in the form of Tender Notice. Particular attention should be paid to the points mentioned below.

A brief but clear description of stores required should be given with the raw material involved. For example, where the stores required is "Container" it should be indicated "Plastic." Or "Metal" as the case may be so that only the firm dealing with the stores would buy the tender sets for the stores in which they are interested to Tender as the case may be and it is, therefore, not necessary to refer to them separately in the Tender Sets.

In addition to these standard forms, the Tender Enquiries should also incorporate special conditions which do not find a place in the standard forms and which have been notified from time to time or those considered necessary for a particular store or those based on the instructions contained in the indent etc.

Any clause which inhibits the scope of inspection or which may have a bearing on the inspection functions should be included in the Tender Enquiry or in the contract, only after such clause has been vetted by the Inspection Authority.

TIME TO BE ALLOWED FOR SUBMISSION OF TENDERS

(1) Global Tenders -Not less than 8 weeks

(2) Advertised Tenders -Not less than 6 weeks.

(3) Limited Tenders -Not less than 4 weeks.

i) A period of 10 days should be added to the above time schedule where the firms have to obtain specifications/drawings from us. A margin of 15 days is also to be allowed by the Purchase Directorates to enable them to send the tender notice in time for publication in the' Indian Trade Journal.

ii) While allowing the above period for submission of tenders or in fixing the tender opening date purchase officer should ensure that it does not fall on Monday or a day following a closed holiday or a series of closed holidays or on pay day of the month. The latest hour for receipt and opening of tenders will be indicated in the Schedule to Tender Enquiry.

iii) In the event of the specified date for tender opening being or is declared as a closed holiday for Government offices then the tender will be opened on the following working day at the same time. ' The tender enquiry should contain a clause to this effect.

VALIDITY OF OFFERS: Validity period mean validity for the period notified in the enquiry excluding date of tender opening. As decided at the planning stage validity period upto which the responding firms have to keep their offer valid is to be indicated in the Tender Enquiry. No specific date for validity of offer will be indicated in the schedule to tender. The Tenderers will be asked to keep their offers valid for days (as decided at the time of planning of indent from the date of tender opening or any extended date of tender opening.

SIGNING OF TENDER ENQUIRIES: Tender Enquiry should be issued for and on behalf of the purchaser named in the schedule and not "for and on behalf of the purchaser", the offers received in reply would be deemed to be addressed to the purchaser and it would be possible to establish a legally concluded contract.

The tender enquiry can be issued under the facsimile signature of the base officer with the office copy of the tender enquiry duly signed in ink.

If procurement of store is to be as per non-standard specification/drawing, and sufficient copies of those non-standard specification/drawing have' not been furnished alongwith the indent, indentor should be asked to provide them for timely issue of enquiry.

FORWARDING OF TENDER ENQUIRIES:

FORWARDING ADVERTISED TENDER ENQUIRIES

For indigenous of non-technical items Advertised tender enquiries will be forwarded to the following agencies free of cost:-

(1) Small Scale Industries Units who are registered with DGS&D and/or have already completed contracts successfully, instead of through NSIC with a view to save time.

(2) Chief 'Liaison Office," NSIC, Jeevan Tara Building, Parliament street, New Delhi. Two copies will be sent and they are permitted to cyclostyle the number of copies of tenders required and issue' them to Small Scale Units after ensuring that they are stamped with' the seal of the Corporation.

(3) Directors of Small Scale Industries Service Institutes..

(4) Director of Industries of all the States and Union Territories.

(5) State Small Industries Development Corporations.

(6) Khadi and Village Industries Commission, 3 Kurla Road, Vile Parle, West, Mumbai-56.'

(7) KVIC Departmental Unit, Gram Shilla Khadi and Village Industries Emporium, A-I, Baba Kharak Singh Road, New Delhi.

On request from the representatives of Foreign Embassies and Trade Missions in India, they can be supplied with a specimen set of advertised/Global tender of heavy equipment of substantial value of over Rs.50 lakhs complete with nonstandard drawings. Saleable drawings and specifications will be procured by them direct. Such Tender sets supplied free of cost will not be used for the purpose of submitting quotations.

FORWARDING OF LIMITED TENDER ENQUIRIES: In case of LTE, Enquiries will be issued under Certificate of posting to all firms on the mailing list, to be maintained up to date for the purpose, the list will include :

(i) Suppliers registered with Air HQ/HQ MC/EDs/BRDs

(ii) Past suppliers

(iii) Likely suppliers for the subject items as intimated by Indentor etc.

iv) Firms who are known to have the capacity to supply the stores.

Note

(a) It will also be ensured' that the firms whose performance was considered unsatisfactory are not allowed to participate against the Tender Enquiry.

(b) Purchase Directorates/Maintenanc Cells are required to maintain lists of registered firms store-wise and ensure that the list is kept up to date

by removing the names of those firms who have been suspended/banned and including those new suppliers and past supplier.

(c) The concerned Section will prepare, in duplicate, a list showing the names, addresses of the firms to whom the enquiries are to be issued. Any alteration or addition to the list should be authenticated under the full signature of the dealing hand and the base purchase officer concerned.

SALE OF TENDER SETS:

The Purchase Directorates should see that the tender sets are made available for sale Headquarters office and other designated offices immediately after tender notice is sent publication in the Indian Trade Journal. The tender sets and also subsequent amendment issued if any are to be sent by registered parcel post.

TWO-BID SYSTEM: In the Two Bid System the tenders are invited simultaneously in two parts:

(a) Containing the techno-commercial offer and

(b) containing the price.

with the stipulation that price bids will be opened after techno-commercial evaluation of the offers is done. Annexure-gives the related instructions.

CHECKLIST OF POINTS FOR PREPARATION OF TENDER ENQUIRY:

A Checklist of points for preparation of Tender Enquiry is given in Annexure. These Check Points should be referred to and kept in view while preparing the Tender Enquiry so as to avoid any omission or complications at a later stage.

ENDORSING OF COPIES OF ENQUIRIES TO CERTAIN AUTHORITIES: Copies of tender enquiries may be sent to :-

(a) the indentor

(b) inspecting authority and authority to whom tender samples are required to be sent as per tender enquiry condition.

RECEIPT, CUSTODY AND DISTRIBUTION OF TENDER:

Tenders are received either through the Tender Box or by Post/Courier. Tenders sent by Hand Delivery shall be dropped in the Tender Box.

The scheduled date and time of receipt and opening tenders shall be as indicated in the schedule to the Tender Enquiry.

If the cover(s) containing the tender(s) received by post/courier do not bear any Tender No. and /or other marking to show that a tender is enclosed therein, these will be opened by an official in presence of incharge of the Receipt and Despatch Section, the requisite details (Tender No. and Date of Opening) will be noted and the tender including the cover should then be put into a new envelope, closed and sealed in the presence of same set of persons. A certificate duly signed by these persons should be endorsed on the envelope indicating that the opening and resealing was done in their presence.

In the case of tenders dropped in the Tender Box, when some envelopes do not find a mention about the tender number, date and time of tender opening such tender will be opened jointly by the Section Officer CDN.

A certificate duly signed by these persons should be endorsed on such envelopes indicating that the opening and resealing was done in their presence.

In case of envelopes which are torn, the fact should also be brought out on such an envelope.

In such cases where firms enclose more than one tender in one cover and the cover is unmarked to show that it contains tenders, the officer opening the covers (incharge, as the case may be should initial the schedule containing prices and, immediately, enclose the tenders in separate covers which should be closed and sealed. Necessary particulars such as "tender No. and date of opening" should be noted on the cover under the signature of the Incharge.

Telegraphic quotations received shall be passed on to the Purchase Officer concerned, who shall put it in a closed cover and seal it if it is not a late quotation. Necessary particulars viz. tender No. and the date of opening of the tender must be noted on the cover under the signature of the Purchase Officer concerned, which should then be put in 'the tender box without any delay.

Telex/Fax quotations will immediately on receipt in be passed on to concerned section responsible for tender. Any such offer received prior to the time stipulated for receipt of tenders would be arranged to be dropped in the tender box after closing them in an envelope. Any offer received after the time stipulated for tender opening will be passed on to the purchase section on the date of their receipt.

No tenders including late tenders should be passed on from one officer to another in open condition. The late tenders should be passed on to the purchase officer concerned on the date of their receipt.

OPENING OF TENDERS:

The tenders shall be opened by the authorised purchase officer, who will be other than the one who has to deal with the purchase subsequently. The latter should under no circumstances open the tenders.

Unless good and sufficient reasons have been recorded on the file, as a rule, all tenders will be opened only in the presence of representatives of the firms, who have quoted and signature of vendors present at the time of opening should be obtained on a paper indicating that they were present at the time of opening of particular tender. In case there appears to be lack of competition the Purchase Officer may seek the permission of Director to extend date of opening.

The purchase officer opening the tenders should verify that only authorised representatives of the firms, which have actually submitted the tenders are present at the tender opening. Unauthorised representatives (or

representatives of firms which have not submitted the tenders) should not be allowed to be present.

Commercial quotes of vendors whose Technical period has not been considered acceptable will not be opened and vendor be informed accordingly. Technical officer while projecting the offer will give complete details of technical variance or the ground for which quote has been rejected. Sealed Enveloped of commercial quote will be enhanced as Technically Rejected.

Late quotes received after the stipulated date/time of opening will not be opened and sealed envelop of bids will be enfaced as "LATE TENDER'.

The representative of National Small Scale Industries Corporation will, however, be admitted when tenders are opened in public to enable him to take down necessary information for communication to Small Industries Units concerned.

The purchase officer, opening the tenders, will prepare a list of representatives present at the opening of tenders with full name and address in and obtain their signatures on the list. The list will be initiated with date by the Purchase Officer, opening the tenders and kept alongwith the tenders.

The officer opening the tenders will read out following particulars only from each tender opened by him for the information of the representatives attending the opening.

(i) Tender No. and the name of tenderers.

(ii) Articles/nomenclature of the stores.

(iii) Quantity offered in the tender.

(iv) Unit price, whether Excise duty, statutory duties, sales tax extra or not.

(v) Whether any rebate/discount offered if so, quantum and conditions any.

(vi) Delivery period offered.

(vii) Terms of Delivery.

(viii) Any other special Conditions.

While opening of tenders, the officer should read out the particulars in the covering letter only in case where an indication calling the attention of the purchaser to these particulars has been given in the tender form. If no such indication is there in the tender form, the particulars in the covering letter need not be read out at the tender opening.

Where opening of tenders is not completed in one sitting and it is carried forward to a second sitting on the same day or after a break to the next day, the officer opening the tenders, should get the signatures of at least two representatives present on the covers of all the unopened tenders. He will also record a note as to the total number of tenders remaining unopened which may also be got counter signed by two representatives whose signatures have been obtained on the covers of the unopened tenders. Thereafter, the tenders will be kept in the safe custody of the officer opening the tender.

Each tender shall be numbered serially, initialed, and dated on the first page. Each page of the schedule or letter attached to it shall also be initialed with date particularly, the prices, delivery period etc. shall be circled and initialed. blank tenders should be cancelled under the initials and the date of the purchase officer opening the tenders, and their numbers noted separately in the note portion of the relevant file.

Alterations in tenders, if any, made by the firms, should be initialed legibly by the officer opening the tenders to make it perfectly clear that such alterations were present on the tenders at the time .of opening. Wherever any erasing or cutting is observed, the substituted words should be encircled and

initialed and the fact that erasing/cutting of the original entry was present on the tender at the time of opening be also recorded.

No amendments to the tenders will on any account be permitted.

In cases where only one tender is received against an advertised or limited tender enquiry it will be opened in the presence of Deputy Director of the Directorate other than the one who would be dealing with the purchase of the item. In case there is only one Deputy Director in the Directorate a D. D. from another Directorate will be associated in the tender opening. The D. D. will counter sign the tender documents so opened in token of having witnessed the tender opening:

SPOT COMPARATIVE STATEMENT: The officer opening the tender shall prepare "on the spot" a comparative statement of the quotations received indicating the particulars read out at the time of opening of tenders.

POSTPONEMENT OF TENDER OPENING DATE:

Requests for the postponement of tender opening date received from the tenderers should be decided on the individual merits of each case with the approval of the competent authority. Such requests from unregistered firms should normally be refused except in case of stores for which competition is lacking.

Whenever it is considered necessary to postpone the tender opening date, quick decision must be taken and communicated to the tenderers, who have purchased the tender sets and should be at least 10 days before the original due date of opening. Such notice of extension of date of tender opening of tenders should be put up on Notice Board without delay.

In cases where firm's request for return of tender documents before the date of tender opening in the event of tender opening being extended, there may be no objection in returning the tender documents to the concerned firms as the documents may accompany EMD.

LATE AND DELAYED TENDERS

Tenders or modifications to tenders received after the specified time of opening are treated as "late" tenders while tenders and modifications to tenders received before the time of opening but after the due date and time for receipt of tenders are considered as "delayed" tenders,

In Two -Bid system techno-commercial offers received after the date and time for its receipt and opening will be considered as late or delayed tender as the case may be.

If a tenderer is exempted from payment of Excise Duty upto any value of supplies, or is entitled to concessional rate/quantum of Excise Duty and has not stated that no E.D. will be charged by him upto the limit of exemption and has not indicated the concessional rate/quantum of E.D. leviable in respect of the tendered supplies but has made stipulations like excise duty was presently not applicable, but the same will be charged, if it becomes leviable later on, the quoted price shall be loaded with the quantum of excise duty which is normally applicable on the item in question for the purposes of comparing its prices with other tenders similarly if a vendor quotes. In respect of imported stores, when foreign bids are received in different currencies, conversion of foreign currency into rupees is to be done taking into account the BC Selling rate of State Bank of India on the date of opening of price bid.

The Base Officer initiating the purchase proposal will be responsible for the correctness of the facts for both the comparative statement and Ranking Statement, and initial them in token of having verified them.

INITIAL ANALYSIS OF TENDERS RECEIVED:

The Base officer will scrutinise the tenders received to find out whether these are complete in all respects and binding on the tenderers. There may be

some offers which are not complete. Such incomplete offers can be broadly classified into two groups.

(a) Where the offer is complete with regard to the essentials of the tender though some other details may be missing.

(b) Where the offer is not complete with regard to essentials.

As regards incomplete tenders falling under Group "A" these may be considered provided the offer is specific with regard to the following basic requirements:

(i) Description specifications.

(ii) Rates

(iii) Delivery terms

In other words, there should be no ambiguity regarding the items being offered, the prices quoted and the period of delivery. Where with regard to these basic requirements, the offers contain vague and ambiguous stipulations or avoid specific replies to the queries in the tender documents, like whether the store conform to technical particulars/specifications, drawings as specified in the schedule to tender, such offers will not be considered complete with regard to essentials. If some other details are missing from such an offer, for example, list of plant and machinery, details of NSIC registration etc., the base officer may make a reference to the firm seeking further information provided soliciting of such information will not amount to revision of the offer.

Such references and clarifications must be made quickly with a target date for reply so that settlement of the tender is not delayed. For making such references or accepting a clarification from the firms for such details, the base officer will not require approval from any superior authority.

It is, however, reiterated that no clarifications shall be obtained from the firm or accepted, or submitted unilaterally which have an effect of changing the essentials of the tender or its inter se position or would give an unintended benefit to the tenderer.

As regards tenders falling under Group "B", such offers should be ignored and rejected straightway and no reference should be made to the firm or clarifications accepted, if submitted by the tenderer unilaterally.

For the guidance of the purchase officers, an illustrative and not exhaustive list of the instances in which the tenders may be ignored and rejected straightway is given below:

(a) tenders received after due date and time of tender opening (late tenders)

(b) it is a unsolicited offer i.e. offer from tenderer other than those asked to quote against LTE/STE. These can be considered for acceptance only in exceptional circumstances in consultation with the Finance.

(c) it is in the form of letter head/FAX/Telex/Telegram

(d) it is from stockiest(s) or agent(s) without indication details of the manufacturer whose products are offered.

(e) it is from agents without proper authorisation from the manufacturers.

(f) it is from agents quoting for imported stores but they are not enlisted DGS&D under Compulsory Enlistment Scheme of Ministry of Finance.

(g) it is not accompanied with Earnest Money in case the firm responded is not registered with DGS&D/NSIC.

(h) it does not indicate delivery period by which supplies can be made or delivery offered is vague.

(i) it does not indicate the terms of delivery.

(j) it is ambiguous with regard to any of the essentials i.e. the items being offered prices quoted and the period of delivery.

(k) tender samples as required in the enquiry conditions have not been submitted by the due date.

OFFER WITH SHORTER VALIDITY:

Tender indicating the validity shorter than the validity period asked for in the Tender Enquiry should be ignored as a rule. In exceptional cases, shorter validity tenders may be admitted with the approval of CFA and Finance irrespective of the value for valid reasons to be properly recorded in writing. The said authority should not be further delegated.

OFFERS WITH DISCOUNTS FOR QUICK COVERAGE INSPECTION/PAYMENT:

In case any tenderer offers discount for coverage within a shorter period, for quicker inspection/payment such offer is to be considered/compared only as per the price quoted (without consideration of discounts). The contracts as a result of acceptance of such offers shall not include any clause with regard to these discounts.

POST TENDER REVISION:

Any post tender revision which has the effect to influence the purchase decision should make the firm's tender unacceptable and be rejected.

However, if the firm would have got the order without the revision and at the same time the revision gives some benefit to the purchaser it may be accepted. The purchase officer within whose power the case falls would be competent to admit such post tender revision.

GUIDELINES FOR CONSIDERING TENDERS FROM AUTHORISED AGENTS/DISTRIBUTORS OF INDIGENOUS MANUFACTURERS

The consideration of tenders from authorised agents/distributors of Indian manufacturers will be governed by the following guidelines:-

(a). If the tender is made by an authorised agent/distributor who is not registered with DGS&D the purchase officer would see whether he has furnished the following documents:-

List of Documents

1. Dealership/Agent Certificate of OEM
2. ITCC
3. Sales Tax/CST Registration Number

DEVIATION IN DELIVERY SCHEDULE:

As per the tender enquiry conditions, the stores are required to be delivered within an acceptable range as specified in the Schedule of Requirement. No credit will be given to earlier deliveries and offers with delivery beyond this range will be treated as unresponsive.

For urgent indents no relaxation will be allowed. For such indents the offers which are not meeting the required delivery period may be treated as unresponsive offers.

REASONABILITY OF PRICES:

Evaluation of tenders is made on the basis of the ultimate cost to the user and is the major factor in the decision for placement of contract. The price quoted comprises of various elements of cost some of which are variable in course of time. The various elements of price and their variations are discussed separately.

As .per Tender Enquiry conditions, a responding firm can quote on firm price basis as well as on variable price basis and each such offer will be considered on its merit. As far as practicable, contract should be entered on firm price basis. While contract on variable prices can be considered on merit of each case, as a general principle, no offer involving any uncertain or indefinite liability or any condition of unusual character should be considered.

Where a firm's offer on variable price is considered, the price variation formula should be clearly spelt out indicating the base price on which the variation is to be allowed. Certain price variation clauses have been standardised for allowing variation on account of change in the prices of raw-materials, wages etc. The standard price variation clauses form part of the DGS&D Enquiry conditions.

Where the standard price variation clauses are not available, and if the purchase decision is to place order on variable prices basis, a suitable price variation clause has to be drafted in consultation with Finance allowing price variation in the raw- material with a suitable price variation factor on net weight of raw- material and a suitable time lag. No price variation should be allowed on wastage element. The price variation would be allowed on the finished weight only.

The reasonability of the price proposed to be accepted has to be established by taking into account the competition observed from the response of the trade to the enquiry, last purchase price, estimated value as given in the indent and market price wherever available.

LACK OF COMPETITION: Lack of competition exists if the following factors intervened:-

(a) Number of acceptable offers are less than three;

(b) Ring prices have been quoted by all the tenderers (cartel formation);

(c) The product of only one manufacturer has been offered by all the tenderers irrespective of number of quotations;

(d) Store under purchase is chronically in short supply against which a number of acceptable offers never exceed two.

LAST PURCHASE PRICE:

To ascertain the reasonability of the prices received against the tender enquiry they should be compared with the prices paid in the last contract, if any for the same item, on the following lines:-

(i) The last purchase price will be the price paid in the latest contract of a similar magnitude which is not more than three years old.

(ii) Where the firm holding the LPP contract has defaulted, the fact should be highlighted in the purchase proposal and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be indicated.

(iii) Where the price indicated in the LPP is subject to variation, besides indicating the original price as of the LPP contract, the updated price as computed in terms of the price variation clause, may also be indicated.

(iv) Where the supply against the LPP contract is yet to commence i.e. delivery is not yet due, it should be indicated in the purchase proposal, whether the contract holder is a past supplier/ registered supplier/new supplier. In case of new supplier, the price paid against the previous contract as in the case of (ii) above should be indicated.

(v) In the case of wholly imported stores the comparison of the last purchase price should be made with the net C.I.F. value in foreign currency only.

Indication of the percentage of increase over last purchase price should invariably be given in the purchase proposals.

ESTIMATED VALUE: The estimated value given in the indent will also guide to assess the reasonability of the prices quoted. Where it is seen that the prices received are substantially higher than the estimated value indicated by the indentor a reference should be made to the indentor asking him to explain the basis of his estimation with supporting documents of purchase, if any (AoM's Canons for price estimation 02/'01 & procedure for enhanced cost sanction to be followed).

MARKET PRICE: The trend in market prices of the item or its main raw material may also be kept in view for establishing the reasonableness of the rates received.

PROPOSAL FOR COVERAGE:

With the above analysis and evaluation of-offers received against the enquiry, the purchase officer will give a comprehensive proposal for conclusion of contract. AOM Canons 01/2001 & 14/2001 also are relevant in this connection.

All proposals should begin with relevant facts and informations which are necessary for arriving at a prudent decision.

BASIC DATA OF TENDER NO.

1. **ITEM**

(a) Description

(b) Specification

2. **INDENT PARTICULARS**

(a) Name of the indentor

(b) Class of indent

(c) Indent delivery period

(d) Date of receipt of indent.

3 **TENDER DETAILS**

(a) Type of Tender Enquiry

(b) Date of tender invitation

(c) Date of tender opening

(d) No. of offers received.

4 **LAST PURCHASE PRICE**

POST TENDER NEGOTIATIONS:

Negotiations, after tenders have been opened should be severely discouraged. Negotiations vitiate the sanctity of the tender system & reduce the credibility of the purchase organisation. Quality becomes the casualty. Unless some definite evidence is forthcoming to show that the prices received are unreasonably high or there is tendency to obtain unreasonably higher prices by ring formation or on account of the lack of capacity, negotiations should not be resorted to at all.

Post tender negotiations are banned in adhoc procurement except in case of negotiations with LI (Lowest Tenderer).

Negotiations/Counter offers may be decided by the Chairman PNC in association with Finance Member.

Counter offer of a price by the purchaser is also covered by the term "negotiations" and counter offers on basis of unestablished prices for small gains should be discouraged. Purchase Officer should not give counter offer at his own

but counter offer should be given by Chairman PNC considering major factors i.e LPP & lowest cost in CSQ & present trend of market. Where the prices offered are less than the cost of inputs, such offers may not be ignored. If, however, such low offers are made, it may not be desirable to counter offer with q view to break the cartel.

EXTENSION OF VALIDITY OF OFFERS

The Purchase Officers should make all efforts to see that the purchase decision is taken as early as possible and in any case within the original validity period of the tenders.

The tendency to request the tenderers to extend the period of validity of offers should be curbed. This is of considerable importance, for, apart from the delay which would invariably occur in covering the demand and thereby cause delay in the receipt of stores by the consignee, there is also a risk of the firms refusing to accede to the request for extension or' the firm's withdrawing the offers, or extending the offer with revised rates, all of which might lead to avoidable expenditure.

In cases where seeking extension of the offers becomes inescapable, action should be taken up 8 to 10 days in advance _of the expiry of offers and the letter asking for extension should be issued to the firms at least one week in advance as in such cases, the offers of firms who do not agree to the extension will still be available for consideration for a few days more.

The letter seeking extension of offer should be issued under Postal Certificate in order to avoid any complaints from the firms that they have not received such letters. For this purpose, the acknowledgement of letters sent under Postal Certificate should be obtained from the Central Receipt Section and placed in the purchase file.

Where only part quantity/items of the tenders are accepted and for the remaining quantity/items the tender(s) are required to keep their offer{s) open-upto a subsequent date, such quantity/items should be specifically mentioned in the communication addressed to the tendering firm{s).

While submitting the purchase proposals it is essential that the date upto which the offers are open/have been extended should be indicated clearly in the purchase proposals so that the final decision on the purchase proposal is taken at the appropriate level within the-validity period. In cases, where the offers had been extended due to inescapable reasons, the fact must clearly be stated in the purchase proposal as under:

One of the general principles of entering into contracts is no contract involving any uncertain or indefinite liability or any condition of an unusual character should be entered into without the prior approval of competent Financial Authority. Therefore, it is the general policy that, as a rule, contracts should be entered into on firm price basis and provisional prices subject to variation are to be accepted under exceptional circumstances. Nevertheless, in the present day fluctuating market conditions, the difficulties in obtaining raw-material, uncertain labour conditions and continual charges in national and international fiscal practices, variable prices are often quoted by supplier firms and these are admitted in contracts. The intention is that both the seller and buyer are compensated for rise for fall in the costs of elements for which price variation has been accepted. Some example of "Price Variation" clauses have been given below-

(i) Price variation clauses relating to raw-material.

(ii) Price variation clause relating to wages.

(iii) Price variation clause relating to excise duty.

(iv) Price variation clause relating to customs duty.

(v) Price variation clause relating to foreign exchange.

(vi) Price variation clause relating to exchange in electricity rate.

PURCHASER'S RIGHT WHILE GRANTING EXTENSION IN DELIVERY PERIOD

In cases where only a portion of the stores ordered is tendered for inspection at the fag end of the delivery period and also in cases where inspection is not completed in respect of the portion of the stores tendered for inspection during the delivery period, the purchaser reserves the right to cancel the balance quantity not tendered for inspection within the delivery period fixed in the acceptance of tender at the risk and expense of the contract or without any further reference to him. If the stores tendered for inspection during or at the fag end of the delivery period are not found acceptable after carrying out the inspection the purchaser is entitled to cancel the contract in respect of the same at the risk and expense of the contractor. If, however, the stores tendered for inspection are found acceptable, the purchaser may grant an extension of the delivery period subject to the following conditions:-

(a) The purchaser has the right to recover from the contractor the pre-estimated damages as per contract terms as liquidated damages on the stores which the contractor has failed to deliver within the delivery period fixed for delivery. '

(b) That no increase in price on account of any statutory increase in or fresh imposition of Customs Duty, Excise Duty, Sales Tax or on account of any other tax or duty leviable in respect of the stores specified in the acceptance of tender which takes place after the date of the delivery period stipulated in the acceptance of tender shall be admissible on such of the said stores as are delivered after the date of delivery stipulated in the acceptance of Tender.

(c) That notwithstanding any stipulation in the contract for increase in price on any other ground, no such increase which take place after the date

of the delivery stipulated in the acceptance of tender shall be admissible on such of the said stores as are delivered after the expiry of the D/P stipulated in the acceptance of tender.

(d) But nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of Customs Duty, Excise Duty, Sales Tax or on account of any other tax or duty or on any other grounds as stipulated in the price variation clause which takes place after the expiry of the date of delivery stipulated in the acceptance of tender.

The contractor shall not despatch the stores, till such time an extension terms of Para 1 (a) to (d) above is granted by the purchaser and accepted by the supplier, if the stores are despatched by the supplier before obtaining an extension letter from the purchaser, he would be doing so at his risk and-no claim for payment shall lie against despatched or any other expenses which the supplier may have incurred. The purchaser shall however has a right to cancel the contract in terms of clause 14(7) of DGS&D-68 (Revised). It shall be no Defence that till consignee has taken delivery of stores despatched by the supplier without getting an extension letter and therefore the contract has been kept alive.

In cases where the entire quantity has not been tendered for inspection within delivery period stipulated in the acceptance of tender and the purchaser chooses to grant an extension of the delivery period the same would be subject to conditions (a) to {d) mentioned in Para 1 above.

Whenever the supply is not completed within the delivery period of the contract wherein Bank Guarantee has been furnished, then the request for the extension of delivery period will automatically be taken as an agreement for getting Bank Guarantee extended.

Price bid received after the opening of the techno - commercial offer though before the date fixed for opening of price bids will be regarded as late tender.

If late/delayed quotations are received through post, a similar action should be taken i.e. the officer should write "late/delayed" on such tenders and file them. Late/delayed tenders shall not be opened but kept sealed in their original envelopes.

All Late/Delayed tenders may be returned unopened immediately after opening of the tenders received within the stipulated time by registered post.

TWO-BID SYSTEM-INSTRUCTIONS ON PROCEDURE RELATING THERETO

1 Tenders are to be invited in two parts namely; (1) Technical Bid and (2) Price Bid. Both bids are to be invited simultaneously with the same date of receipt, with the stipulation that the price bids will be opened only after technical evaluation of all the offers is done.

2. In all tender enquiries of two-bid system, the following clause shall be inserted. '

> "The tenderers are required to furnish clause by clause compliance of specification bringing out clearly deviation from specification, if any. The firms are advised to submit the compliance statement in the following format alongwith technical bid failing which their offer will be treated as incomplete and are liable to be ignored".

Format of Compliance Statement:-

Para of Tender Enquiry specifications	Specification of machine offered.	Compliance to TE specification whether yes or no.	In case of Non-compliance deviation from T/E specification to be indicated in unambiguous terms.
1	2	3	4

3. The technical bids should be opened first on the prescribed tender opening date and price bid should be opened later on a specified date which should be made known to the tendering firms after technical evaluation has been completed so as to ensure that all offers are evaluated technically without bias.

4. Both the tenders-one containing the technical offer and the other price-will be submitted in one main cover when the price quotation in the sealed cover will form an enclosure to the main tender. The price bids (sealed cover), after the opening of the technical bids tenders, should all be packed in a sealed envelope and kept in the' the safe custody of Assistant Director/Deputy Director/Director as may be decided by the concerned Director of Purchase and passed on to the Co-ordination Directorate only after the date of opening of price bids is decided.

If the actual date of tender opening for price bids is not decided, then a notional tender opening date of 2 to 3 months depending upon the type of stores may be indicated on the sealed envelope, which contains the sealed price bids, and sent to Maintenance Section for safe custody. In case the tender opening date is revised Maintenance Section may be advised in advance suitably.

5. All tenderers should be asked to keep the price tenders valid for a period of at least 3 to 4 months. Technical evaluation should be done with sense of urgency and if on the basis of technical evaluation clarification involving price changes becomes necessary then the firm concerned should be asked to indicate change in their original price bids in a sealed cover which will also be opened at the same time as the original price bids. The date of the opening of the price bids shall be fixed from the date of communication informing them of the date of opening/calling for revised price bids. The firms should be asked to keep the price bids open for a period of 4 weeks from the date of opening of price bids in cases involving value more than Rs.5 crores, in the event the original validity period happens to be less than the aforesaid period.

No revision of price bids after the due date laid down for their receipt at all be considered, but if the decision on the acceptance of the tender is delayed beyond the original validity of offers and any firm chooses to revise their price bids on that account such case may be examined on merits.

The guidelines indicated below are given for being followed by Purchase Officers:

(a) Based on technical evaluation of the offers such of the technical bids as are incomplete or indicate major deviations, may be ignored-by competent purchase officer without giving further opportunity to tendering firm to complete the offer.

(b) Such of offers as based on Technical evaluation, show minor deficiencies can be further processed and clarification sought or technical discussions held/undertaken to determine finally the technical suitability of offer(s) before opening price bids.

(c) The price bids submitted by such tenderers whose offers have been considered as technically un-acceptable on the basis of the tender evaluation of the technical bids, need not be opened. Such unopened price bids may be destroyed by Purchase Directorate.

I. **PROFORMA FOR THE PREPARATION OF SPOT COMPARATIVE STATEMENT BY THE OFFICERS OPENING THE TENDERS.**

Description of Stores	Name of firm	Quantify offered	Unit Price	Whether Tax/Excise Duty statutory Duties extra or not.	Delivery period offered
1	2	3	4	5	6

Terms of Delivery	Whether Rebate/Discount offered if so, its percentage quantum and under what conditions.	Any other special condition like packing charges deviations from the standard DGS&D conditions etc.
7	8	9

Sr. No.	Size of cable	Net weight Aluminium finished cables	Of Amount of in adjustment in cable (Rs. Per KM)
1	1	2	3

II. METAL PRICE VARIATION CLAUSE FOR ACC & ACSR CONDUCTORS.

In case of variation in the price of Steel/Aluminium is desired the price variation shall be allowed in the manner indicated below:-

1. Price of finished product quoted should be based following price of E.C. Aluminium, Ingots and steel

a) E.C. Grade Aluminium Ingots of minimum 99.6% purity (IS: 4076/1978) — Rs. Per M.T. Exclusive of Excise Duty Ex-NALCO PLANT.

b) Steel (tested STD IS-226 (high carbon) 8.0 mm (basic price). — In coil Rs. Per M.T. Exclusive of Excise Duty.

2. Price to be taken into account for working the escalation/de-escalation will be as notified by NALCO in case of E. C. Aluminium ingots and JPC in case of steel.

3. The price variation claim shall be worked out with reference to the quantities of E.C. Aluminium' and steel, as listed below.

4. For any lot supplied, price adjustment will be computed on the basis of actual price variation as notified by NALCO/JPC as the case may be. The price taken for purpose of working out adjustment will consist of basic price only as indicated above, prevailing on the date 30 days prior to the date on which the said

lot was offered for inspection as indicated in the Inspection Note. For determination the quantum of escalation per KM indicated below shall be taken.

All relevant documents shall be submitted by the supplier in this connection for verification of your claim.

5. For every rise and fall of Rs. IO/- per M. T. in the basic price of aluminium Ingots/Steel, the amount of adjustment in price per KM will arise. No adjustments in contract price will be made if the variation up or down the aforesaid basic price rate of materials is less than Rs .10/ -per M. T

Note: It should be noted that: --

1. No escalation claim less than Rs.100/- shall be entertained for entire contract and not for unit prices.

2. Rs.10/- per MT apply separately to E. C. Aluminium ingots/steel and or collectively.

For every rise or fall of Rs.10/-per M. T. in the price of E. C. Grade Aluminium and Steel, as mentioned above and declared by NALCO/JPC, the amount of adjustment in the price per Km. will be as follows:- '

Sl. No.	Size	Net weight of aluminium a in Kg. Per K.M.	Amount of adjustment in conductor (Rs. Per KM)	Net weight of steel in Kg./KM	Amount of adjustment in conductor (Rs. Per KM)
1	2	3	4	5	6

III. WAGE ESCALATION CLAUSES

1. For every rupee or part thereof exceeding 50 Paise per month of full normal working duration by which the wage structure of the minimum rated direct worker varies from that of the base month, as a result of direct government action, adjudication or legislation either Centre or State, the basic price excluded escalator claims, shall be adjusted by % (here insert the agreed escalator faction) subject to the ceiling of _____ man_months as quoted by the supplier initially. Such adjustment shall be applied to that basic prices of only those stores which have been tendered for inspection after _____ days_(here insert the agreed time lag factor) after the variation accrues, provided however, that in case the amount of variation for the higher paid direct worker was less than that for the minimum rated workers, the weighted average variation would form the basis for the adjustment. This clause shall apply to the first and all subsequent variations. For the purpose of this clause the expression 'direct governmental action' shall include any bipartite settlement which has been arrived at in the course of conciliation proceedings and the expression 'adjudication' shall include only that arbitration award in respect of which a notification under Section lOA of the Industrial Dispute Act, 1947 has been issued. The expression 'Direct Worker' shall cover only those of 'permanent' and 'temporary' persons (excluding casuals) who are employed at the works of the contractor in altering the construction, conformation and composition of the items assembled/manufactured within the works of the contractor. :The factor for wages escalation as well as the variation in wages will be arrived at on the basis of data available separately for the specific activity' as contracted for and only in the event of non -availability of date for that specific activity, will the data for the works as a whole be adopted.

2. The number of direct workers in each category on the base date would form the basis of calculation.

a) If an award was given during the currency of the contract the impact of variation due to the same would be applicable only to the rest of the contract delivery period after the date effect of the award.

b) In major' contracts for construction/fabrication of the unit in which the delivery period is scheduled to be a period longer than 30 days from the date of placing the order, the impact of variation in wages occurring on any date after placement of the order will be applied only on the portion of the contract value which bears that same proportion as the remaining contract period bears to the initial total contract: period.

3. The increments in any time-scale of pay would not be taken into account.

4. The base year, month and date will be _____(to_be indicated) and the wage structure at that time per month of permanent direct worker shall comprise the following items: -

a Basic Wage

b) Dearness Allowance

c) Employer's Contribution to provident Fund.

d) Employer's contribution to Employee's State Insurance Scheme.

e). Employee's contribution and payment to any other scheme which may be instituted by Govt. above those made during the base month and specifically for inclusion in wages escalation.

f). Employer's bonus where it is limited to the variation in the rate of statutory minimum bonus under the Bonus Act.

5) The monthly wages of direct worker on daily rates of pay shall be computed by treating the month as consisting of the normal monthly working days and working hours as per standing orders of the factory. Pro-rate adjustment of variations in wage structure is to be made if the effective payable days in a month falls below the normal working days.

6. If the deliveries are not made accordingly to the Schedule and are delayed owing to any circumstances whatsoever, and wage increase is awarded

meanwhile, such increase will not be admitted, unless specifically agreed to at the time of granting extension in the delivery schedule.

7. The variations if any in terms of clause-1 will be admitted only after Book examination of the relevant period by the Government Chief Cost Accounts Officer or any other officer nominated by government.

8. You shall indicate the quantity (Tonnage/Nos.) tendered on each day for inspection alongwith the description and number of components in the offering memo.

Note:-It should be noted that :-

(i) No escalation claims shall be entertained for amounts less than Rs.100/-.

(ii) Claims shall be preferred not oftener than once 6 months.

(iii) The ceiling of Rs.100/- will apply to the entire contract and not to the unit price.

EXCISE DUTY

(i) If it is desired to. ask for excise duty or any other charges as extra, the same must be specifically stated. In the absence of any such statement no claim for the same will be entertained. (Where the excise duty is leviable on ad-valorem basis, the tenderer should submit alongwith the tender, the 'Form I and Manufacturer's Price List showing the actual assessable value of the store as approved by the Excise Authorities).

(ii) If reimbursement of the Excise Duty is intended as extra over the quoted prices, the supplier must specifically say so. In the absence of any such stipulation. It will be presumed "that the prices quoted

are firm and final and no claim on account of excise duty will be entertained after the opening of tenders.

(iii) If a tenderer chooses to quote a price inclusive of excise duty and does not confirm that the excise duty so included is firm and final, he should clearly indicate the rate of excise duty and quantum of excise duty included in the price.

CONSIDERATION OF DUTIES AND TAXES IN PURCHASES:

The duties and taxes as levied by the Governments vary item to item. Hence in the procurement of stores the purchase officer has to carefully analyse the impact of such duties and taxes on the ultimate cost of procurement which is the major factor in decision making process for placement of order.

While custom duty on imported stores is levied and collected at the ports of entry, taxable event for central excise duty is manufacture or production of goods, though, for administrative convenience duty is actually collected at the stage of removal or clearance of goods from the factory. Government has allowed bonded warehousing facility all over the country in the case of petroleum products. In such cases duty is payable when goods are cleared from such bonded warehouse.

Taxable event for sales tax is sale of goods which may or may not coincide with such removal.

The tenderers have to specifically state in their offer whether they intend to ask for the duties/taxes as extra over and above the prices being quoted. In the absence of any such stipulation it is to be assumed that the prices quoted include these elements and no claim for the same will be entertained after opening of tenders.

The liability of reimbursement or adjustment of any duty or tax is covered under the section 64A of Sale of Goods Act.

DUTIES/TAXES ON RAW-MATERIALS:

The purchaser shall not be liable to any claim on account on fresh imposition and/or increase of Excise Duty, Custom Duty, Sales Tax on raw-materials and/or components use directly in the manufacture of the contracted

stores taking place during the pendency of the contract unless otherwise specifically agreed to in terms of the contract.

In terms of Section 64A of Sales of Goods Act 1930, reimbursement of any duty or increase in duty on raw-materials used in the manufacture of the ordered stores would depend upon the terms and conditions of the Contract. Section 64A of Sale of Goods Act is attracted when,

(a) There is no different intention apparent from the term of the contract.

(b) Any duty of customs or excise on goods or any tax on the sale or purchase of goods has been imposed, increased decreased or remitted in respect of any goods after the making of the contract for sale or purchase of such goods.

The words, sale or purchase of goods clearly indicate that the section would be attracted only in cases where the duty is imposed, increased, decreased or remitted in respect of goods sold. These words cannot be interpreted to cover the components or materials which are used in the manufacture of production of goods sold. If any duty is imposed, increased, decreased or remitted in respect of materials used in the manufacture of the stores, the seller/purchaser cannot claim the reimbursement or adjustment of in terms of Section 64A.

Reimbursement of any duty or increase in the duty on raw-materials used in the manufacture of the ordered stores would depend upon the terms and conditions of the contract. If there is a provision in the contract to the effect that any increase in duty on raw-materials would be reimbursed to the supplier, then alone it would be possible for him to claim reimbursement of the same from the purchaser. If there is no such provision in the contract, the supplier cannot claim such increase as a right, either under Section 64A or under the terms of the contract.

Unless, otherwise specifically agreed to in terms of the contract, the purchaser shall not be liable to consider any claim on account of fresh imposition and/or increase of Excise.

Where tenderers ask for payment of Customs Duty and Excise Duty and/or Sales Tax on raw-material/components in spite of the aforesaid provision in the Invitation to Tender, such tenders should be considered on merits and decided by the competent purchase officer in consultation with Finance.

EXCISE DUTY:

Excise Duty is leviable on manufacture and is to be paid by the manufacturer on clearance of goods. Excise Duty is leviable either on a percentage basis or on a fixed rate. Where Excise Duty is leviable on percentage basis this percentage is reckoned on the assessable value of the store to be determined in accordance with the Excise Rules. Changes in excise duty or fresh impositions are notified by the Excise Authorities under the powers vested with them under the and the Central Excise Tariff Act, 1985.

To levy Central Excise Duty, it is necessary that goods in question have come into existence as a result of manufacturing activity. The manufacture or production means bringing out a new commodity which must be usable, movable, saleable and marketable.

Repair or reconditioning of an article does not amount to manufacture because no new goods come into existence. It is so, even if in the process of re-making, the defective equipment gets upgraded or it becomes a different model. For the same reason, repacking of goods from bulk pack to smaller packs would not ordinarily amount to manufacture.

TARIFF AND RATES OF EXCISE DUTY: Since excise duty is on manufacture or production, the liability to pay the duty "is on the manufacturer or producer.

The rates of excise duty are specified in the Schedule to the Central Excise Tariff Act, 1985. The duty is payable as per the scheduled rates if there is no exemption pertaining to the goods in question Where there are exemption notifications, the actual rate of duty is to be worked out after taking into consideration these exemptions.

The Central Government has got the power to grant, in public interest, exemption full or partial from payment of duty. Exemptions are granted to achieve various socio-economic object, such as encouragement of small scale sectors, village industries and handicrafts, promoting the use of non-conventional raw materials, etc. Such rules and notification take effect from the date of their publication in the official gazette.

CRUCIAL DATE FOR DETERMINATION OF RATE OF DUTY:

In general, in case of goods cleared from factories and warehouses, the rate of duty in force on the date of actual removal of goods are applicable. Goods manufactured during the period when they were exempt from duty, but removed from the factory when exemption stood withdrawn are liable to duty.

REGULATION OF CLAIMS FOR EXCISE DUTY:

Where the tenderer intends to ask for excise duty as extra, he is required to state it specifically. In the absence of any such stipulation it is to be assumed that the prices quoted include the element of excise duty and no claim for the same will be entertained after opening of tenders.

Where the tender mentions that the prices are exclusive of excise duty which will be payable extra, it should be definitely stated in the acceptance of the tender that the duty is payable at a specified rate, in addition to the cost of stores, instead of mentioning its payment in an indirect manner.

The mere statement in the tender that the prices are exclusive of excise duty does not entitle the firm to the reimbursement of the duty. Where the

tenderer indicates in his tender that prices are exclusive of excise duty but no mention has been made that excise duty will be charged extra, no claim for the same will be entertained after the opening of tenders. If such offers are successful in getting the order, it should be clearly stated in' the Acceptance of Tender that prices are exclusive of excise duty. It should also be stated that the excise duty will not be payable extra and prices shall be treated firm and final.

In the cases where prices are firm and inclusive of excise duty the contract will reflect the offer correctly. The certificate prescribed for claiming excise duty need not be called for in such contracts as otherwise these would attract Section 64(A) of the Sales of Goods Act, which is reproduced below

"64 A. In contracts of sale, amount increased or decreased taxes to be added deducted.

(1) Unless a different intention appears from the terms of the contract, in the event, any tax of the nature described in sub- section

(2) being imposed, increased, decreased or remitted in respect of any goods after the making of any contract for the sale or purchase of such goods without stipulation as to the payment of tax where tax was not chargeable at the time of the making of the contract, or for the sale or purchase of such goods tax-paid where tax was chargeable at the time.

(a) if such imposition or increase so takes effect that the tax or increased tax, as the case may be, or any part of such tax is paid or is payable, the seller may add so much to the contract price as will equivalent to the amount paid or payable in respect of such tax or increase of tax, and he shall be entitled to be paid and to sue for and recover such addition, and

(b) if such decrease or remission so takes effect that the decreased tax only, or no tax, as the case may be is paid or is payable, the buyer may deduct so much from the contract price as well be equivalent to the

decrease of tax, or remitted tax, and he shall not be liable to pay, or be sued for or in respect of such deduction.

(3) The provisions of sub-section (1) apply to:

(a) any duty of customs or excise on goods;

(b) any. tax on the sale or purchase of goods.

By virtue of the provisions of Section 64 A of Sales Goods Act, 1930, even in the absence of a stipulation in the contract providing for statutory variation in excise duty, the contractor is entitled to be reimbursed for such additional amount as he is obliged to pay as a result of any increase or fresh imposition of duty provided that such increase or imposition takes place after the making of the contract and the increase or imposition is in respect of the ordered stores as distinguished from the raw-material. It is, therefore, imperative that the intention to allow or deny increases under Section 64 A of the Sales of Goods Act be specifically incorporated in the contract.

CUSTOMS DUTY: In respect of imported stores offered against forward delivery the tenderer shall quote the prices exclusive of customs duty. The tenderer shall specify separately the C.I.F. prices and the total amount of customs duty payable. The tenderer will also indicate correctly the rate of customs duty applicable alongwith Indian Customs Tariff Number.

The Government have allowed exemption from payment of customs duty in respect of following items subject to fulfillment of conditions and production of certificates.

1. Scientific and technical instruments imported by Research Institutes.
2. Hospital equipments imported by Hospitals.

3. Consumable goods imported by a public funded Research Institution or a University.

In respect of these exempted categories of stores the Ministry of Finance (Department of Revenue) have issued instructions to the Customs Authorities that the consignments which constitute replacement made by the foreign suppliers on "no-charge" basis should be passed provisionally duty free and get a suitable guarantee from the indentors and

(a) Fresh Customs Duty Exemption Certificate as well as

(b) Not manufactured in India Certificate.

should be obtained from them subsequently within a reasonable time. It may be noted that even in the case of free replacement the production of these two certificates is absolutely necessary.

Where customs duty is payable the contract should clearly stipulate the quantum of duty payable in an unambiguous terms so that the Controller of Defence Accounts has not to make any back reference. The standard clause to be incorporated in the contract regarding customs duty has been given in "Drafting of Contract".

AUTHORITY FOR MAKING PAYMENT OF CUSTOMS DUTY:

In respect of Defence contracts the payment of customs duty is to be arranged by the indentor himself and it will be paid by the Controller of Defence Accounts.

PRICE VARIATION CLAUSE RELATING TO RAW- MATERIAL

As far as practicable, contracts should be placed on fixed price basis. Offers on firm price basis as well as on a variable price basis will be considered on merits of each case. To this end, the following clause must be incorporated in the instructions to the tenderers.

"Offers on firm price basis as well as on a variable price basis will be considered on the merits of each case. Where firms quote with price variation, the price variation formula should be clearly spelt out, indicating the base price of the raw-material etc. on which variation is desired".

It is required of the purchase officers to indicate in the tender enquiry the base price on which firms should offer their prices in case of variable offers. Otherwise there will be difficulty in comparison of the quotations on equitable basis if different tenderers base their prices differently. The purchase officers should, therefore, ensure to clearly indicate in the tender enquiry, the base price on which the firms should, base their rates in respect of variable price quotation.

The price variation clause may be suitably drafted in consultation with Finance allowing price variation in raw material with a suitable price variation factor on net weight of raw-material and a suitable time lag.

WAGES ESCALATION CLAUSE: It is considered inappropriate to fix any wage escalation clause for any type of stores. The escalation factor should be carefully worked out to ensure that no undue advantage accrues to the supplier. The actual claims of the firms for variation will have to be checked. It should be made clear to the tenderers that other things being equal, preference will be given to the tenderers whose wages escalation factor quoted is the lowest.

Price variation clauses relating to costs of raw – materials and wages may be accepted subject to the following conditions.

(i) A break down of quotations is obtained to enable the purchaser to satisfy himself that the variations in respect of raw -materials and wages demanded by the firm are reasonable.

(ii) The right to examine firm's books' is reserved except where details furnished by the firm provide an adequate check and are satisfactory in all respects.

INTRODUCTION

1. The financial control exercised by the Financial Adviser and his officers is really a careful and intelligent scrutiny of all proposals involving expenditure from the public funds, the objective being safeguarding of economy, efficiency and propriety in public finance. Before according financial concurrence to any proposal involving fresh expenditure, it is the duty of the finance officer to seek justification to the proposal. He may even challenge the necessity for spending so much money or on such a scale to secure a given objective. He asks whether the proposal is really necessary, whether the same results could be obtained otherwise with greater economy, whether the expenditure involved is justified in the circumstances, whether individual items are in furtherance of the General Government policy. In fact he asks every question that might be expected from an intelligent taxpayer bent on getting the best value for his money. He is to be guided by the following canons.

(a) Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

(b) No authority should exercise its powers of sanctioning expenditure to pass an order which will be indirectly or directly to his own advantage.

(c) The amount of allowances such as traveling allowances granted to meet expenditure of a particular type should be regulated that a allowances do not become a source of profit to the recipient.

(d) Government revenues should not be utilised for the benefit of a particular person or section of community unless

(i) the amount of expenditure involved is insignificant

or

(ii) a claim for the amount could be enforced in a court of law

or

(iii) The expenditure is in pursuance of a recognised policy or custom.

Chapter

Functioning section of IFA (Air force)

Administrative Section

Administrative Matters

Establishment work

Paybill DAD

Contingency/cash assignment

Inventory/Deadstock

Technical Section

Issues relating to technical issues

Indigenous Procurement Section (I)

Indents (Indigenous procurement)

Procurement Proposals (Indigenous)

Post contract Proposals (Indigenous)

Foreign procurement Section

Indents (Foreign procurement)

Procurement Proposals (Import)

Post contract Proposals (Import)

FFE release and noting

Report on FFE

Records Section

Dak, Diary and Despatch
Preparation of control chart
Noting of supply orders
Saving report
Typing work
Maintenance of shadow papers

Indigenous procurement Section

RMSOs
Losses
DIT cases
Forecast Factor
Rate of effort
Repair overhaul tasks
Work cases
Dte of Org cases
DPOs
Local Purchase cases
Hiring of civil transport
Sch XV, XVII, & other sch
Command cases

Chapter -1

IAF Inventory, Classification and Identification

1. Air force Equipment is a comprehensive term which includes all articles which for supply and accounting purposes are separately divided into.

(a) **Machines** :- These mainly constitute Aircraft, Powerplants, complete Ground radar, Missiles etc.

(b) **Stores** :- All others articles and items which are exclusive of machines and are reflected into maint publication or are required to be fitted on machines or are required for maint of the machines, or are otherwise authorised to beheld are classified as stores.

(b) **Supplies**:- These include foodstuffs, medical comforts, liquid fuel, aviation and MT fuel, gas, water, disinfectants, lubricants etc.

2. Meteorological, MES, Medical, Dental and Office equipment including stationery are classified and accounted for separately.

3. Air Force stores are classified as follows:-

Class A stores These are stores which remain on charge and cannot be exchanged except on their return to store and are normally to be returned for reconditioning to the repair depot.

Class B stores These are stores which remain on charge and cannot be replaced except on their return to store but which may be conditioned by the specialist at the operation unit itself.

4. **Categories of Aircraft**

U -- Serviceable and undamaged

B -- Repairable at overhaul agency

B site -- Repairable at site by repair agency

B Patch -- Ferry ac to repair agency after patch repair at unit

E -- Beyond Economical repair

A -- Repairable at base within resources

AC -- Repairable at site with help of R& SU party

5. **Categories of MT vehicles (Refer AFO 51/98)**

Class of vehicle	Description
I II III IV	New and overhauled fully serviceable but has completed defined kms for each type of vehicle as given in AFO 51/98
V	Partially serviceable (major replacement required)
VB	Due for overhaul by repair
VR	Airforce overhaul agency to overhaul vehicle
VA	Limited repair at repair agency
VI	Beyond economical repair

Types of inventory

ARS (Automatic Replenishment System)

These are range of fast moving generally low value and recurring required spares mainly for scheduled maintenance activities. Scales for such items are fixed and when consumed at operating units these are automatically replenished.

Non ARS

These are medium and slow moving items which are not regularly required and are replaced on condition.

Rotables

These are items which can be repaired and reused. These can be replaced at operational units. These are also referred to as Aggregates, LRUs, SRUs etc.

Mandatory items

These are items which have to be necessarily replaced during repair and overhaul at BRDs.

Non Mandatory items

These are items which are replaced during repair and overhaul based on their condition in BRDs.

TTGE Tools, Testers and Ground equipment's required to support aircraft and systems maintenance.

Other Classification

Role Equipment's These are additional equipment fitted on aircraft for fittment of armament and other equipment for a particular role.

Slap on systems These are additional systems fitted on an aircraft and are meant to enhance the role of the aircraft/system i.e act as force multiplier.

Armaments These include Guns, missiles, Rockets, Bullets, Bombs etc.

Safety Equipment's These range include parachutes survival packs, dinghies etc.

Chapter-2

Categories of Equipment

1. Equipment's in the IAF are categorised as follows

Category	Description
A	Serviceable, new and unused
B	Serviceable but used
C	Serviceable subject to Functional Test
D	Repairable
E	Beyond Economical repair

Identification of equipment

2. Equipment in the IAF is identified by its Part number or Reference number.

3. A Part number is an identification number of an item as allotted by the manufacturer of the item. One item may have more than one part number in which case the other part numbers are referred to as in lieu numbers also some items manufactured by different manufacturers may have different Part Nos. in some instances some items of the same manufacturer but manufactured at different time may have different Pt. No. due to change in specification details etc.

4. A Reference number is an identification number of an item as given in IAP 1086. In the IAP 1086 entire inventory was divided into 40 sections i.g. Section 1 contained all tools, Section-5 Electrical items, Section-10, electronic items etc.

5. A particular range of items are grouped together and allocated a vocab section. There are two systems in vogue for allocation of a vocab section.

(a) First system of vocab allocation gives details relating to country of source, range and subrange of items and the weapon system it belongs to the vocab e.g. 801 MG implies the following

8 ------- Source of supply is Russia.

01 ------ Range of item is tools

M ------ Item belongs to MIG 21 range

(c) Most of the current weapon systems have been given only one Section No and dividing into 40 sections have been done away with.

Eh – JAG – for Jaguar

MBZ – for MIG-29 etc.

(c) A new system of vocab allocation has been insituted for upgrades like MiG Bis and SU 30 MKI in which the vocab is made up of two parts namely aircraft type and system type for e.g. The ELTA(EW) system for MiG Bis upgrade has been allocated vocab BuELTA wherein Bu is aircraft type i.e. Bis upgrade and ELTA is the name of the system. For details kindly refer AOMs Task Directive 30/2001 .

Chapter-3

Types of Major Air Force Activities

I Operations

(a) Offensive

(b) Air Defence

(c) Close Air Support

(d) Electronic warfare

(e) Transport

(f) Reconnaisance and Search

(g) Flying training

II Maintenance

(a) 1sr & 2nd line servicing (Maintenance) and 2nd time Extended servicing.

(b) 3rd & 4th line servicing (Repair & overhaul)

(c) Calibration

(d) Indigenization

(e) Modifications and upgrades

III Administration

(a) Works

(b) Organization

(c) Security

(d) Ceremonials

(e) Legal

(f) Discipline

(g) Adventure

IV Logistics

(a) Provisioning

(b) Procurement

(c) Storage

(d) Distribution and Transportation

(e) Inventory Management

(f) Budgetary Management of lgs Code Heads.

V Other Services

(a) Meterology

(b) Air Taffic Services and fighter controlling

(c) Medical

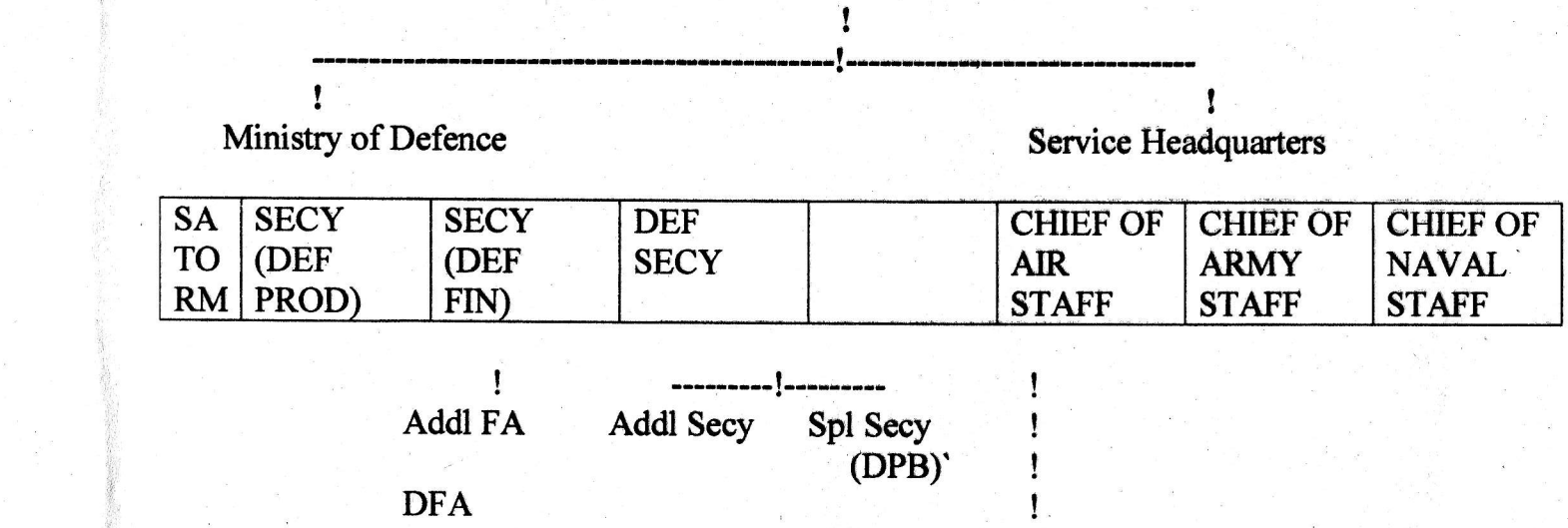
(d) Accounts

(e) Ground Training (Tech/Non Tech)

Chapter

DEFENCE ORGANISATION AND AIRFORCE SET UP

RAKSHA MANTRI



Air Headquarters Chart – 1	Training Command (Refer Chart 2)	FiveOperational Commands (Refer Chart-3)	Maintenance Command(Refer Chart 4)
->Vice Chief of Air Staff			
->Dy Chief of Air Staff			
->Air Officer Personnel			
->Air Officer Maintenance (Refer Chart 1A)			
->Air Officer Administration			
->Inspector General			

Chart-I

Organization: Air Headquarters

Chief of Air Staff

Air Adviser to CAS

Vice Chief of Air Staff **Role:** Responsible for complete flying operations, Communication and computerization and Armament procurement	**Deputy Chief of Air staff** **Role:** Capital Acquisitions,33333333 33 Long term planning, Financial planning	**Air Officer–in–Charge Personnel** **Role:-**All personnel and training related matters	**Air Officer in – Charge Maintenance** **Role**:-All technical and Logistics related issues	**Air Officer in charge Administration** **Role;-** All works, organisation, security, legal and administrative matters including medical services and Accounts	**Inspector General (Inspection & safety)** **Role:-** All flight safety, accident investigation, Inspection and Quality Assurance areas.
→ACAS(OPS)	→ACAS(Plans)	→ACAS (Personnel, Officers)	→ACAS Eng A	→DG medical services	→ACAS(Flight safety and Inspection)
→ACAS(Ops) C&D	→ACAS (Financial Planning)	→ACAS (Personnel, civilians &Airmen)	→ACAS Eng B	→Judge AdvocateGeneral	→QAS(Quality Assurance Services)
→ACAS (meteorology)	→Scientific Adviser to CAS	→ACAS(Training)	→ACAS MP	→ACAS(Accounts)	
→ACAS (Intelligence)	→IFA(Air Hqrs)	→ACAS(Education)	→ACAS(System)	→ACAS(Works)	
→ACAS (Signals air)& IT		→Dte of Personnel Planning	→ACAS(Logistics)	→Provost Marshal(Air)	
→Air Formation Signals			(Refer chart IA for further details)	→Dte of Personnel Services and Directorate of Organisation	

Chart IA

Organisation Chart: - AOM's Branch at Air Headquarter

Air Officer in-charge Maintenance

ACAS Eng (A)	ACAS Eng(B)	ACAS(Lgs)	ACAS(Systems)	ACAS(Maintenance Plans)
Role: Responsible for all technical and logistics areas of Russian Fighters, helicopters and transport fleets	**Role:-**Responsible for all technical and logistics activities Western fleet and trainers of IAF	**Role:-**Responsible for all logistics policy, maint. budgeting, Mechanical transport, clothing, FOL and purchase activities.	**Role:-** Responsible for all ground based Radars, Guided weapons, Electronic Warfare systems,Telecom, Testers and Communication equipment's	**Role:** Responsible for specific to type training, Maint. planning, Indigenization, publications, Engineering support and technical policy matters
→Director Eng A **Role:-** Responsible for Technical and logistics areas of Russian fighter fleet	→Director Eng B **Role:-** Responsible for all Western Helicopter and transport aircraft	→Director, Maintenance Administration. **Role:** Nodal point for all logistics and central point for Maint Budget	→Director, Ground Electronics **Role:-**Responsible for Ground Radar, Telecommunication, Testers, Electronic Warfare systems etc	→Director, Maintenance Planning **Role:-**Responsible of maintenance planning including human resource planning, publication and technical policy matters
→Directorate of Engineering D **Role:-** Responsible for technical and logistics areas of Russian Transport and Helicopter fleet	→ D Eng C **Role:-** Responsible for Western fighter. Except Jaguar and Mirage.	→Director, Mechanical Transport **Role:** Responsible for all MT vehicles of IAF	→Director, Guided Weapons **Role:-** Responsible for surface to Air Missile equipment maintenance.	→Jt Director Tetra **Role:-** Responsible for specific to type weapon system maint. training
	→ D Eng J & M **Role:-** Responsible for Jaguar and Mirage fleet	→Director, Stores **Role:-** He is responsible for all Fuel,oil, lubricants, Ration, clothing and Barrack equipments.	→Director, Plan Adges **Role:-**Responsible for all BEL based Radars and installed communication equipment.	→JD Indigenization **Role:-**Nodal point for complete indigenization for maintenance requirements in IAF
	→D Eng B(T) **Role:-** Responsible for all trainer aircraft except those of Russian origin	→Director, Purchase This Directorate has 3 wings, namely Indigenous purchase wing, Foreign purchase wing(Russian)and Foreign purchase wing (Western)	→Director, Armament and safety Equipments **Role:-**Responsible for Maintenance, repair and storage of Armament safety equipments.	→Director, Engineering support **Role:-** Responsible for Air Field lighting , Arrester barriers, Workshop Machinery, DG sets etc
		→Global Co-ordinator IMMOLS(Integrated Material Mgt on-line system) **Role:-**Computerisation of complete logistics activities of the IAF		

CHART-2

ORGANIZATION: HEADQUARTERS TRAINING COMMAND

AOC- in – C

SASO	SMSO	SOA
(Senior Air Staff Officer)	(Senior Maintenance Staff Officer)	(Senior Officer Administration)
Role	Role	Role
Responsible for all operational And training activities	Responsible for all technical and logistic activities	Responsible for all works and Administration activities

MAJOR TRAINING INSTITUTIONS

Name of Institution	LOCATION	ROLE
Air Force Academy, Air force station Bidar BFTS	Dundigal (hyderabad) Allahabad, Bidar	Basic training for flying branch and Non technical Officers
1. Air Force Technical College	Bangalore	Basic Training for technical officers
2. Airmen Training Institute	Belgaum	Basic training for Non-Technical Airmen
3. Air force station Jalahalli	Bangalore	Basic training for Instrument Radio, Radar andElectrical trades of Airmen.
4. Mechnical training Institute	Madras	Basic training for Airframe, Engine and weapon trades of Airmen.
5. Mechnical transport training institute	Madras.	Basic training for MTD (MT Drivers)and MT fitters. .
6. Air force Administrative College	Coimbatore	Officers training institute for Junior Commands and advance training for Logistics, administration, Accounts and Meteorology.
7. Air Force station Hakimpet	Hyderabad	Advanced training for fighter and Helicopter pilots
8. AF station Yelankha	Bangalore	Advanced training for transport pilots

CHART-4

Organisation Chart of Headquarters maintenance Command

AOC in C (Air Officer Commander in Chief)

↓ **SMSO**(Senior Maintenance Staff Officer) Responsible for all base repair Depots and Air Force Liaison Establishments. Base Repair Depots (BRDs) are responsible for Repair and Overhaul of Aircraft and certain ranges of equipment's. Details of BRDs of IAF are given below

↓ **AOLM (Air officer Logistics Management)**

↓ **SAASO** (Senior Air and Administrative staff officer) Responsible for flying operations and administration

↓ **IFA (HQ. MC)**

↓↓

Details of Major stock holding agencies is as follows:-

BRD Number	LOCATION	BROAD ROLE
1.	Kanpur	Repair and overhaul of AN-32 ac (Air Frame)
3.	Chandigarh	Repair & overhaul of MI-8 Engine(TV2).MI 17 Engine (TV3).MI8 & MI 17 Helicopters and AN32 Engine(AI 20D)
4.	Kanpur	Repair and overhaul of MiG 23/27 Engine(R 29 Engine) and Mirage 2000 engine.(M53 P2)
5.	Sulur (Coimbatore)	Check Servicing of Avro ac, repair and calibration of testers and MATCAL(Mobile Calibration)

ED NUMBER	LOCATION	STOCK HOLDING RANGE BROAD ROLE
23	Avadi(Chennai)	Clothing. Barracks. spares for specialist vehicles
24.	Manauari (Allahabad)	Jaguar. Dornier Cheetah. Chetak. HPT-32
25	Devlali	MiG 21, MIG23. MiG 27 SU30. Russian raw material. MiG BIS UP Grade.
26	Bangalore	Rotables of Jaguar. Chetah Chetak. AVRO. Canberra. Kiran MK-I & II. I & II Line Spares of Jaguar & Engines of All India European a/c except Mirage & Dornier a/c.

7	Tughlakabad (Delhi)	Repair and overhaul of guided weapons,Ground radars and all Transmitters and support equipments also DG sets(Non Plan Adges)
8	Avadi(Madras)	Repair and overhaul of specialist MT vehicles(limited types)
9	Pune	Repair and overhaul AOG Ground Nav- Aids, Air field lighting and Photo Pods
11	Ozar (Nasik)	Repair and overhaul of MIG 23 & MIG29 Air crafts
AMSE (Plan Adges)	Delhi	Repair and overhaul of BEL based Radar and communication equipments.
RAME (G)	Guwahati	Repair and overhaul of Plan Adges related to DG sets and Air conditioners
RAME (W)	Vadsar (Ahmedabad)	Repair and overhaul of Plan Adges related DG sets and Air conditioners
PRD (Parachute Repair Depot)	Delhi	Repair and overhaul of Parachute and safety equipments.
17 SU (Unit is working under ACAS (sys)	Delhi	Repair and overhaul of Parachute and Safety equipments.

27	Palam	MT vehicles
28	Amla	Armamnet
29	Kanpur	Ranges repaired for overhaul by 1BRD & 4BRD
30	Bombay	Forward supply point for Hqs SWAC units
41 MINI EDs	Bareilly	Stock Holding Depot of MiG-25 Spares.
42	Gwalior	Mirage Spares
43	Hakimpet Secunderabad	Iskara ac Spares
44	Gwalior AFA Dundigal Secunderabad	Kiran ac Spares
45	AGRA	Il- 76 AND il – 78 AC SPARES
46 To be merged with 25 ED, AF after 2004.	Pune	SU-30 ac Spares

CHART-3

ORGANIZATION CHART

OPERATIONAL COMMANDS

The Indian Air Force has five operational Commands namely.

COMMAND HEADQUARTERS	LOCATION
Western Air Command	Delhi
South Western Command	Gandhinagar
Central Air Command	Allahabad
Southern Air Command	Thiruvanantapuram
Eastern Air Command	Shillong

TYPICAL ORGANIZATION OF OPERATIONAL COMMAND

AOC-in- C

↓	↓	↓
SASO Senior Air Staff Officer	**SMSO** Senior Maintenance staff officer	**SOA** Senior Officer Administration
Role: All operations communications under his command.	**Role:** All technical and logistics activities under his command	**Role:** All works, administration and organisation activities under his command

AIR FORCE LIASION ESTABLISHMENT **DETAILS OF MOVEMENT CONTROL UNITS**

AFLE (Nasik)	Colocated with HAL(Nasik)	HAL(Nasik) is responsible for ROH of Air Frame of MIG 21,27 & now SU 30	**NUMBER**	**LOCATION**	**ROLE**
AFLE (Lucknow)	Colocated with HAL(Lucknow)	HAL(Lucknow) is responsible for ROH of ac instruments.	31	Delhi	Movement of Cargo internal as well as abroad and courier management.
AFLE (Korwa)	Colocated with HAL(Korwa)	HAL(Korwa) is responsible for ROH of Nav & Gyro eqpt)	32	Bombay	Mainly import export of Cargo.
AFLE (Hyderabad)	Colocated with HAL(Hyderabad	HAL(Hyderabad) is responsible for repair of Ac Avionics	33	Guhawati	Movement of Internal Cargo and courier management.
AFLE (Koraput)	Colocated with HAL(Koraput)	HAL(Koraput) is responsible for ROH of RII, R-25(MIG 21 Engine) R-29(MIG 23/27 Engine) RD-33(Mig 29 Engine) & AL 31F(SU 30 Engine)	24 ED & 25 ED also perform main role for their respective location.		Controlling CMD.
			ASPS 51	DIGARU	ASP for EAC-EAC (A/c Spares & Explosive)
			54	GURGAON	(Explosive only) MC
			56	Faridabad	AC, Clothing & MT Spares – WAC
			57	Baroda (Proposed)	AC, Clothing & MT Spares -WAC

In addition 24 Ed (For CAL) 26 ED (for Training Command)perform ASP Roles.

MAJOR UNITS UNDER OPERATIONAL COMMANDS

TYPE OF UNITS	ROLL OF THE UNIT
Wings	These are static bases which are self accounting and provide technical, logistics, accounts, administrative, operational etc. support to operation units (referred to as its lodger units) like Sqns, HUs, SUs etc.
Squadrons	These are operational units which cover Fighter aircraft squadrons: A Squadron of fighter aircraft has 16 to 18 aircraft with normally 2 trainers as a part of its strength. Transport aircraft Squadrons: A normal transport squadron consists of 10-12 aircrafts. Helicopter squadrons: These units are referred to as HU (Helicopter Units) and each HU/Sqn normally has 10ac on its strength. Missiles: Surface to Air Missile units with its flights are also referred to as Sqns.
SU (Signal Units)	These units cover Ground Radars and Communication units (Tropos).
MOF (Mobile Observation Post)	These units are deployed to track enemy aircraft visually.
FBSU (Forward Base Support Unit)	These are smaller version of wing but are normally used by Sqns during operations and exercises etc.

AFRU(Air Force Range Unit)	These units manage firing range
P&S unit(Provost and security unit)	These are meant to provide security support beyond the Air Force stations as well as for liasion with civil police.
R & SU(Repairs and salvage unit)	Each major operational Command has one such unit. They are meant for carrying out structural repairs of aircraft at operational units and for retrieval of aircraft to repair agencies by road as well as from crashed sites.

SOME OTHER TRAINING INSTITUTES
(Which do not come under Headquarters Training Command)

UNIT	LOCATION	MEANT TO TRAIN IN
GETI(Guided weapons Training Institute)		Missiles
Tetras Schools (Technical Training schools)	Pune	MIG 29& SU 30
"	Barrackpore	MIG 21, AN 32
"	Chandigarh	MIG 23, MIG 27
"	Bagdogra	MI 8, MI 17
"	Gwalior	Mirage 2000
"	Pune	Communication
MOFTU(Mig Operational Fighter Training Unit)	Tezpur	Conversion of fighter pilots to MIGs after abinito training.

SOME PROFICIENCY TESTING FORMATIONS

UNIT	LOCATION
AEB	Aircrew Examination Board
TEB	Trade Examination Board
GED	Ground Crew Examination Board

Chapter-4

Types of aircraft in the IAF

FIGHTERS

RUSSIAN ORIGIN

(a) MiG 21

(1) Type 77 Manufacturedf under licence by HAL
(2) Type 96
(3) MIG Bis*

* Aircraft is being upgraded with Russian, Wester and Indigeneous systems.

(4) Type 66
(5) Type 69 Trainers for MiG 21 aircraft
(6) Type 69B

(b) MiG 23

(1) MF Fighter version
(2) BN Bomber version
(3) UB Trainer **

* * This trainer is common to MiG 27 also.

(c) MiG 27 Manufactured under licence by HAL

(d) MiG 29

Fighter

UB Trainer

(e) SU3OK*** → Would be manufactured by HAL under licence from 2004-05onwards.

*** being uprgraded to SU3OMK I with Russian Western & Indigenous systems.

WESTERN ORIGIN

(a) Mirage 2000
Fighter
Trainer

(b) Jaguar
JS → (2 Versions) outright purchased from U.K. (Navas Version) Manufactured by HAL under licence (Drain Version).
JM → Maritime use different type of engines ADOVR-804 & 811.
JT → trainer (NAVAS & DRAIN – are types of Radars)

(c) Canberra → Many versions.

Transport fleet

Russian origin

(a) IL-76
IL-78 – flight refueling a/c built on 1276 platform.

(b) AN-32

Western origin

(a) Dornier – Germany – underlicence manufacturer by HAL
(b) Avro HS 748– UK - underlicence manufacturer by HAL
(c) Boeing – 737 – USA.

HELICOPTERS

Russian Origin

(a) MI-8
(b) MI-17+17IV
(c) MI 25
(d) MI-35
(e) MI- 26

Western origin

(a) Cheetah
(b) Chetak
(c) ALH (ADV LIGHTHPTER) – DHRUVA.

Trainers

(a) Kiran MK-I, MK-II → Manufactured by HAL
(b) HPT-32 →Manufactured by HAL
(c) ISKRA → Manufactured by Poland.

UAV
(Unmanned Aerial Vehicle)

1. LAKSHYA (Indian Make)
2. Searcher I (95 rachi Make)
3. Searcher II (95 rachi Make)

Chapter-5

Types of proposal to be examined by IFA

1. Procurement of equipment/spares based on

(a) Provisioning reviews. Provisioning review is of three types

i. **Periodic provisioning reviews** These are reviews carried out at fixed defined periods e.g annually and is done for 1st & 2nd line spares as well as third and fourth line spares.

ii. **Special reviews** These are reviews carried out to cater to requirement which could not be catered for in the periodic provisioning review.

iii. **Life of type reviews** These are reviews undertaken when out of production notice is received from supplier or when the last review is undertaken.

(b) AOG/MOG(Aircraft on Ground/Missile on Ground) requirement Spares required to make an aircraft/missile airworthy at operating units to be procured through fast track or normal means.

(c) PHU/MCM Production Hold up/Most Critical Material

These are spares required at Repair depots for repair and overhaul of components and repair and overhaul of which is held up for want of spares. These spares could be procured on fast track basis or through normal purchase procedure.

(d) Scaled deficiencies of Tools, Test, Ground Equipment (TTGE)

These are items required at operating units and repair depots and their procurement is done against deficiencies in laid down scales or deficiencies in the initial supply of equipment. This requirement is census based. These items can also be procured to meet requirement for Detachment operation.

(e) **Scaled deficiencies of Rotables/Aggregates**

Rotables/Aggregates are items which can be repaired and reused. These are scaled for each type of aircraft/weapon system. Incase scales donot exist the initial supplied Quantity or Quantity based on arising data to cater to unit float, Recycle float and wastage float is taken as basis to calculate the gross requirement. The net requirement is calculated based on total assets available including repairables. However the anticipated percentage yield of repair of repairable quantity is taken as assets and not the full quantity.

(f) **Scaled deficiencies of Role equipment**

These are equipment fitted on aircraft/system to enable it to perform a specific role like Bombing, Gunnery etc. The scale of role equipment is defined by the operations branch based on the operational requirement of each unit. Based on the defined scales net deficiencies are worked out as incase of Rotables/Aggregates.

(g) **Requirements based on technical inputs**

These are requirements based on pure technical inputs like modifications requirement arising out of Bulletins, Taskcards, STI's SI's etc. and other technical requirements.

2. **Repair of Equipment, Abroad/ Outsourcing**

These proposals would relate to Repair and overhaul of equipment arising due to following

(a) No repair facility exists within the country.

(b) Repair facility exists but the repair agency has inadequate capacity.

(c) Repair facility exists but the repair agency cannot meet task due to non availability of capital equipment, spares, technology or trained manpower. The proposal could be based on anticipated arisings tasks or actual Cat Dee's held.

3. **Calibration**

Calibration means setting the testers/machines to predetermined standards of Performance/Measurement or Testing/Comparing with Master calibrated equipment. The task is undertaken within IAF in cases in house facilities have

been setup. In case the facilities do not exist, the same could be outsourced. These proposals would pertain to calibration of testers for which IAF does not have facilities. In case facilities are not available, proposal for purchase of calibrating equipment would also be taken up.

4. **Deputation of specialists**

These proposals pertain to deputy specialists form agencies outside IAF which could be from foreign or indigenous agencies/firms. These proposals are put up when the specialization required is either not available or is inadequate within the IAF.

5. **Trial modification, Experiments and Projects.**

These proposals would pertain to carrying out trial modifications or experiments or projects with the aim of improving the operational and/or technical efficiency/effectiveness of the aircraft/weapon systems. These are normally undertaken on limited numbers to prove the efficacy of the modification. In case it proves effective the fleet modification would be separate proposal as per para 1(g) above.

Trial modification, experiments and projects can be undertaken on aircraft weapon system and specialist vehicles.

6. **Indigenization**

These proposals would involve developing an item indigenously which hitherto was being imported . Indizenization need not necessarily mean indigenous or manufacture but could be indigenous substitution also. These proposals could range from drawing up specifications through vendors material testing, development, testing, purchase of tools, figs, fixture, test equipment etc. required for indigenization, Fax and photocopying facilities for indigenization etc.

7. **Airlift of stores**

These proposals would pertain to airlift of stores from and to abroad mainly for purpose of despatch of repairables to agencies abroad for repair and overhaul and from abroad to receive them back after repair. Proposals for airlift from sources abroad would also be put up in case the despatch terms are on 'F' terms basis like FOB, FCA etc. Proposal of airlift of stores within the country would also be put up for AOG stores, Cat Dee's on AOGs and non AOG stores in exceptional cases.

8. **Despatch of stores by Speed post/Civil courier**

Despatch of stores on AOG,Cat Dee's on AOG and non AOG stores in exceptional cases by speed post and civil courier within the country. Presently contract up 35 KG/Consignment exists with P&T Dept. IAP is being amended.

9. **Finalization of Annual contracts for airlift of stores, from and to abroad and despatches by civil courier and speed post within the country.**

This proposal would be for finalising contracts from one destination to another where the despatch of load is regular.

10. **Proposal for concurrence of cases of stores and cash losses due to and not due to theft fraud and gross neglect for cases which fall under delegated powers.**

11. **Proposal for Local purchase of stores when it is beyond the financial powers of CFAs at Units/Command Headquarters.**

12. **Proposal for post Audit of AOG/PHU/MCM purchase undertaken by Air Attaches upto Rs.5 Lakhs under provision of Schedule VIII(c) of FR as revised on 01 Apr02.**

13. **Proposal for placement of Direct Purchase Orders.**

This would include cases for decentralising purchase of items for limited quantity to Depots to meet urgent and immediate purchase or for the purchase of low and medium value item for stock purpose by Depots.

14. **Proposal for authorising hiring of road transport for load carrying and passenger carrying purposes.**

This proposals would be for hiring of road transport(Truck and passenger vehicles) wherein requirement cannot be met from existing assets of IAF and wherein the financial implication of the hiring exceeds the delegated powers to units.

15. **Proposal for finalization of Annual Maintenance Contract**

These proposals would be for maintenance and repair of equipment/systems for which no facilities exist within the IAF or with a Defence PSU and is therefore to be given to a vendor on annual contract basis.

16. **Proposal for finalize/modify/extend long-term Business agreements(LTBA)**

Long term business contracts like the General Contracts with the Russian agencies, Mirage Main Agreement have been finalized to set the ground rules based on which product support for various maint services is provided by the vendor. The existing LTBA would require modification, amendment or extension. New agreements can also be entered into with Indigenous and foreign vendors except with Defence PSUs for which authority rests with MOD.

17. **Proposal for finalization of price lists and finalization/modification/extension of pricing norms agreements**

These proposals would relate to finalize price lists based on mutually agreed norms with major foreign and Indigenous suppliers except Defence PSUs for which powers are vested with MOD. Proposals would also be received for finalization modification and extension of agreements on operation of the price lists.Whenever a price list is finalized it is essential to have a supporting agreement on operation of the price list.

18. **Proposal for decentralization of provisioning responsibility**

These proposal would pertain to decentralizing the provisioning and indigenous procurement responsibility(within delegated powers) of a particular system or range of equipment from Air HQs to HQs MC.

19. **Proposal for release of Foreign exchange**

These proposal would pertain to release of foreign exchange form revenue heads against contractual obligation which fall within the delegated powers.

20. **Proposal for finalization/amendment to Maintenance scales.**

The proposals would pertain to finalization or amendment of ARS(Automatic replenishment)Scalse, Rotable scales and Tools Test Ground Equipment Scales.

21. **Proposals for introduction of new equipment, Scaling of equipment and for purchase of improved version against existing scale item.**

These proposals would be to cater to above mentioned requirement within delegated powers.

22. **Proposal for Duplication of Maintenance documents.**

These proposals would be to cater to duplicating maint. related documents for distribution to user, action addressers etc.The duplication could be on the magnetic media or hard copy.

23. **Proposal for payment of demurrage charges**

The proposals would pertain to payment of Demurrage and wharfage charge which are beyond the delegated powers of units/MCUs

24. **Proposal for transit insurance of items**

Insurance of IAF stores in transit is an exception and not a rule. The proposal for insurance would be normally from nationalised agencies.

25. **Proposal for issue for Forecast Factor**

Forecast factor is a factor which is multiplied by the consumption to determine gross requirement for first and second line spares. Issue of Forecast factor depends upon past utilisation and anticipated utilisation of a weapon system.

26. **Proposal for issue of Repair task to IAF Base Repair depots, Defence PSUs, ECIL and ITI.**

These proposal pertain to determining the repair and overhaul requirements of a fleet in forthcoming years. The task is issued as a firm task for the next year and as a rolling task for subsequent 2 to 4 years for a/c it is generally 1+4 years. Repair task helps the repair agency to determine in advance the spares required and to plan out his technical and human resources distribution activities well in time.

27 **Proposal for declaration of surplus**

This proposal would pertain to determining the items and its quantity, which is surplus to requirement of the IAF and needs to be disposed off either in as in condition or as salvage.

28. **Proposal for disposal of inventory declared surplus**

These proposals would pertain to disposal of inventory declared as surplus to requirement. Proposal relating to relaxation of Minimum Reserve Price (MRP).

29. **Proposal for issue of TTL items to Govt. Educational Institutions**

These proposals would pertain to gifting of Total technical life expired items to Govt. educational institutions. These powers are vested with CAS only.

Chapter 10
Provisioning

1. Provisioning is the process of determining requirement for the MPE(Maximum Potential Establishment) period. MPE period is the limiting period for which stock can be held or catered for at any point of time. The MPE period is defined for each of equipment based on its source of supply and is given at Chapter 3 of IAP 1541 MPE period consists of following constituents.

(a) SSF(Short Stock Figure)

This is normally fixed as nine months stock and when stocks fall below this level the items gets controlled at Air Hqs.

(b) Stockage objective

This is normally 21 months and includes the SSF stock plus the review cycle stocks i.e. stocks held to cover period of review. This is the maximum authorised physical stocks which can be held at any given point.

(c) Lead time

These constitute administrative and supply lead times i.e time required to determine requirement, obtain sanction, finalize contracts and obtain supplies.

(d) RAF

A predetermined figure of stock held in store at which the stocking position is to be reviewed for provisioning. It is generally 15 months.

2. **The responsibility of provisioning could**

(a) either be centralised with Air Hqs.

(b) or be de-centralised to HQs MC and its depots.

3. **As a principle**

(a) Provisioning of spares is done at the Depot level.

(b) Census based provisioning for decentralised ranges is done by Depots/HQs MC for indigenous ranges of equipment falling under the provisioning of HQ MC.

Beyond the provisioning the procurement for indigenous ranges and foreign procurement is done at Air HQ (D Purchase).

(c) Census based provisioning for centralised ranges is done at Air Hqs.

(d) Determination of requirement based on technical inputs could be done at Depot/HQs MC(Air Hqs based on requirement

4. The total number of Provisioning reviews to be raised by Air Hqs, Hqs MC and depots with the responsibility of raising them, time schedules and numbering of the provisioning reviews is defined in AOMs S &P Canon 5, 5A, 5B and 5C of year 2001.

5. The provisioning adopted in the IAF is based on following factors:-

(a) <u>CAR (Current Annual Rate)</u>

This basically means annual average consumption based on last five years recurring consumption.

(b) <u>Forecast Factor (FF)</u>

This factor is determined based on planned task for MPE period and actual effort undertaken/achieved during the consumption period. Forecast factor.

(i) For first and second line maintenance is based on flying hours.

(ii) for third and fourth line maintenance is based on repair and overhaul task.

CAR X FF = Gross requirement.

(c) Gross requirement is reduced by Assets. Assets include stocks held and stock in pipeline(Dues In). After assets are deducted from gross requirement the outstanding demands (Dues-out) are added. Then the net requirement is technically vetted to remove any aberrations arising out of the mathematical calculation and technical vetting for taking into consideration the technical trend factors.

6. The provisioning principles/formulas adopted in the IAF are broadly as follows: -

(a) <u>Programme method</u>

This method is used for computing requirements of specific to type aircraft spares based on Flying hours and past consumption of items i.e. CAR & FF.

(b) Straight Run method

This method is adopted for low cost items (class 'C' store) which have a wide applicability such as nuts, bolts, greases and paints and various other items of general nature where past issues cannot be related to the activity.

(c) Scale/census based.

This method is use for determining the quantity of item deficient against an authorised scale. This system caters to items like

(i) TTGE (Tools Test and Ground Equipment)

(ii) Role Equipment

(iii) Rotables/Aggregates/LRUS/SRUs.

In any scale based census system of provisioning the repairable assets are also taken as assets. However the complete quantity of repairable assets are not included. Only the anticipated percentages of repairable assets which can be converted into serviceable assets are taken into account only. The percentage is referred to as percentage yield of repair.

(d) Reserves

This method is utilised to cater to authorised Maintenance reserves like Aeroengines, Radio sets etc.

(e) Technical based inputs.

This method is used when the requirement is based purely on technical inputs like for e.g.

(i) Incorporation of Bulletins, modification, STIs etc.

(ii) to undertake activities not undertaken in the past.

(iii) to undertake technical activities as per manufacturer instructions as amended from time to time.

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