

DEFENCE PROCUREMENT MANUAL

2009

(REVENUE PROCUREMENT)

Presentation by

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OVERVIEW OF DPM 2009

STRUCTURE

- Fifteen Chapters.
- Eleven Appendices.
- Twenty Nine Forms.
- Manual laid down in terms of Rule 135 of GFRs.
- Comes into force wef 1 June 2009.
- Ongoing cases may continue under DPM 2006.

SCOPE OF PRESENTATION

CHAPTERS COVERED

- CHAPTER 1 : INTRODUCTION -
APPLICABILITY AND DEFINITIONS
- CHAPTER 2 : PROCUREMENT
OBJECTIVE AND POLICY

CHAPTER 1

INTRODUCTION

CHAPTER 1

Applicability and Definitions

- The principles and procedures given in DPM 2009 are to be followed by -
 - All wings of MoD and the Def Services,
 - All organizations and units/establishments there under,
for
 - Procurement of goods and services for which expenditure is met from revenue heads of the Defence Services Estimates (DSE).
 - Any other type of purchases to which the provisions are made specifically applicable.

CHAPTER I

APPLICABILITY

- Applicable to all Central Provisioning/ Procurements and Local Purchase.
- Covers procurement of Goods and Services.
- Certain Capital items specifically notified by MoD.
- Medical stores & Eqpt (Revenue & Capital)
- Coast Guards & JAK LI
- Grants from other Min/Depts

Note : Not applicable to OFB and DRDO but their manuals to be brought in conformity.

CHAPTER 1

- Scope of 'procurement' redefined.
- New definitions added.
- Procedure given for handling–
 - any variance bet provisions in Manual & other Govt Instructions,
 - Doubts in interpretation of text/clarifications reqd
 - Modifications/Amdts where necessary
 - Deviations from provisions.

PROCUREMENT

The term procurement means acquiring **all types of goods** (both scaled and non-scaled), such as equipment, stores, spares, technical literature, etc., **as well as all types of services**, including packing, unpacking, preservation, transportation, insurance, delivery, special services, leasing, technical assessment, consultancy, systems study, software development, maintenance, updates, conservancy, etc.

NEW DEFINITIONS

- DDOs – Direct Demanding Officers
- Indenting Agency
- Procurement Agency
- OEMs – Original Eqpt Manufacturer
- GSQRs/ JSQRs /NSQRs/AFSQRs
- NI V –Not in Vocabulary
- Integrated Finance
- Paying authority

PROCESS FOR REMOVAL OF VARIANCES / DOUBTS

- Instances of variance with other manuals/doubt about interpretation:
 - Refer for clarification through proper channel to designated officer/section of MoD . JS & Addl FA(A) for time being.
 - Issue may be placed before Empowered Committee to be set up under FA (DS) /SDF & sub-committee/s may be set up.
 - Ongoing procurement need not be stopped pending clarification if operationally urgent or delay has adverse impact.
- Suggestions for improvement/amendments -- send to JS & Addl FA (A).

DEVIATIONS FROM PROCEDURES

- If deviation is required-
 - Refer matter to PSO and through him to the JS & Addl FA concerned for approval of SDF & Defence Secy.
 - If merited the matter be submitted to RM.
 - Designated Offr in MoD (Fin) may be consulted prior to submission of case to SDF.
- All deviations communicated to Designated Officer after approval.

CHAPTER 2

Procurement Objective & Policy

Procurement Objective & Policy

Policy Issues

- Fundamental Principles of Public Buying [FRs and GFRs]
- What constitutes 'Revenue' and 'Capital' and 'indigenous' vs 'Foreign' procurement ?
- Policy relating to economy, Local Purchase, splitting, transparency through open tendering - Definitions and rules
- Provisions not applicable to procurements by CFAs w/o consultation of IFA during war, hostilities, operations, disasters. Common Fast Track Procedure for three Services to be evolved

Procurement Objective & Policy

contd –

- Procurements from OFs/DPSUs (New)
 - For Stores which are in product range of OFs-After AON --Indents placed on OFB without issue of RFP.
 - In emergent cases - stores in OFB range be procured ex trade after “NOC’ from OFB .
Address for seeking ‘NOC’ given in DPM.
 - Goods & Services from DPSUs---follow tendering procedure.

Procurement Objective & Policy

contd –

- Procurements from OFs/DPSUs (New)
 - If item devp/manf by DPSU specifically for Services with ToT or through design & devp : Procure from DPSU only and similarly utilise repair facility set up by DPSU exclusively for Def Services.
 - Procurements against provision review (scaled items) from OFB/DPSUs or where item is developed specifically by them/ToT taken by them as above— not to be processed as STE/PAC.
 - For inducting new eqpt or procurement of new goods and services through global/open/limited tendering, RFPs should also be issued to the OFB/concerned DPSUs.

Fundamental Principles of Public Buying

Key Issues

Local Purchase

When?

- To meet short-term, adhoc, urgent reqmts when sup are not available thro' CPO. Intimate CPO reg. such purchases immdtly for taking into a/c proc thro' local purchase.
- To meet normal reqmts of units/ests for stores not within purview of CPOs.
- Purchase w/o quotes or with quotes
 - Upto Rs 15000/- Without quotes - No change
 - Rs 15000/- to 1 Lakh -LPC based on market survey & certificate. But CFA may ask for quotes. Result of survey whether through quotes or verbal enquiry to be recorded by LPC in all cases.

Fundamental Principles of Public Buying

Key Issues contd-

DGS&D Rate Contract Items

(Provision of rule 147 (1) of GFR added)

- DGS&D rate contracted goods can be purchased directly from suppliers provided prices paid do not exceed the price in Rate Contract and T&C are same.
- Insp & Testing under own arrangements of purchaser.
- For Medical drugs/consumables insp by DGQA/NABL, but cost to be met by supplier.

- Purchase of Stationery & consumables from Kendriya Bhandar and NCCF -
 - Upto Rs 1 lakh - w/o quotes from KB/NCCF.
 - Bet Rs 1-25 lakhs - invite KB/NCCF in ltd tender with purchase preference to them, subject to price being not more than 10 % of L1 and matching L1 rates(also EMD waiver given)
 - Office eqpt upto Rs 25 lakh on DGS&D rate contract (RC) : from KB/NCCF if on same rate & conditions as in DGS&D RC.
 - Above 25 lakhs (OTE)

Spl Dispensation to KB/NCCF till 31 Mar 2010.

PURCHASE & PREFERENCE PRICE

[Key Issues \(contd\)](#)

- Product Reservation & other facilities to Medium, Small and Micro Enterprises (MSME) including 15 % price preference. **List of Items reserved for MSMEs at Form DPM-1**
- Price Preference to Central Public Sector Enterprises
 - **terminated by Dept of Public Enterprises on 31.3.2008**
Termination does not apply to sector specific CPSEs eg Pharma CPSEs (Medical).
List of Pharma CPSEs given in Form DPM-2

Special Provisions
for
Local Purchase
in
DPM 2009

Key Provisions LP (Various Chapters)

- Clarity in scope of LP (Ch-2)
- Stages of approval may be combined and simplified RFP issued. (Ch 5)
- Only applicable clauses from SCOC to be taken. (Ch 5)
- Reduced Time Frame for submission of bids in emergent LP of supplies, provisions & medicines by use of Fax, e-tendering etc. (Ch 4)
- Sufficient time in LTE -1 to 3 wks, For perishable goods or consumables reduced time frame.
- Single bid may be the preferred mode (Ch -4)

Key Provisions LP (Various Chapters)

- EMD/ bid security/tender fee not taken if value is less than 2 lakhs (Ch -4)
- Supply order generally to be issued (Ch -6)
- In emergent cases - stores in OFB range be locally procured ex trade after "NOC" from OFB . (Ch -2)
- No reqmt of inspection note for items bought against ad hoc, common use items available off the shelf or testing facility does not exist with AHSP/DGQA. (Ch -3)
- Self Certification by firm in case of above items & inspection by BOO at user's end. (Ch -3)