

Office of the CGDA, West Block-V, R.K.Puram, New Delhi-110605
Pr. IFA Wing

INSTRUCTION NO. 5 OF 2008*

No. PIFA/13381/Army Vol. XV

Dated: 21st Feb. 08

To

All PCsDA/CsDA/IFAs

Subject: Resultant Single Vendor Situation-Clarification thereof.

As per para 4.17 DPM – 2006, if at TEC stage only one vendor is found complying to all the SQR parameters then the RFP would be retracted with the approval of CFA and a fresh RFP issued by suitably reformulating SQRs. Procurement cases exceeding Rs one crore where such resultant single tenders have resulted, are to be reported by Service Hqrs to MOD/ MOD (Fin.) through consolidated quarterly report in this regard. However, para 13.5.1 DPM-2006 stipulates that in case of procurement of new equipment on single vendor/resultant single vendor basis, CNC should establish a benchmark and reasonableness of price in an internal meeting before opening of the commercial bids.

2. As the provisions of para 13.5.1 which allow procurement in resultant single vendor situations, are apparently not in consonance with para 4.17 of DPM-2006, the matter was taken up with MoD (Fin.) for issue of suitable clarification in the matter/amendment to DPM-2006.

3. MoD (Fin.) has clarified that despite the provisions of para 4.17, procurement on single vendor basis may still be required to be made under certain circumstances. It would however, need approval under the provisions of para 14.13 of DPM, which prescribes that any deviation from the procedure laid down in the DPM would require the approval of Defence Secretary/RM. It is in such situations that provisions of para 13.5.1 would need to be followed. It has further been clarified that in cases of single bid system also, retraction of RFP is required in a resultant single vendor situation.

4. From the inputs received from the IFAs in the subject matter, it has been observed that:

(i) RFPs are being generally retracted in all resultant single vendor cases where RFP is based on 2 bid system, except on grounds of urgency, shortage of time, frozen specifications, reformulations of specifications not possible due to unique

* Instruction No. 1 to 21 issued in 2007

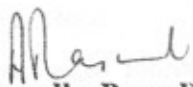
requirements/airworthiness requirements wherein the cases are processed further and contracts concluded with the single vendor either under the provision of para 13.5.1 of DPM or otherwise but, prior approval of Defence Secretary/RM under the provisions 14.13 of DPM is not being obtained in such cases.

- (ii) In cases where RFP is based on single bid system it has generally been reported that RFPs are not being retracted in resultant single vendor cases.
- (iii) In cases falling under para 13.9 (c) of DPM-2006 where an identical make/model has been quoted by different bidders against the Tender enquiry, it has been reported that contract was placed on L1 without retracting RFP.

5. In view of divergent practices being followed by IFAs in dealing with cases of Resultant Single Vendor Situations, it is reiterated that prior approval of Defence Secretary/RM as per the provisions of para 14.13 of DPM-2006 is required in all such cases (whether TE is on 2 bid system or single bid) wherever it is desired by the executive not to retract the RFP but to proceed further and to conclude the contract with the single tenderer under the provisions of para 13.5.1 of DPM or otherwise. It may therefore, please be ensured in future that financial advice to the CFA in such cases should be given accordingly.

6. The matter regarding amplification/amendment to para 4.17 of DPM-2006 to remove any ambiguity in regard to above has been taken up separately with MoD (Fin.) bringing out, interalia, the difficulties/views expressed by IFAs in dealing with such cases under para 14.13 of DPM.

Pr.IFA has seen.


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for kind information.


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