

VENDOR DEVELOPMENT – DRDO

UP DEX 2018

Seminar



VENDOR DEVELOPMENT:

It can be defined as any activity that a Buyer undertakes to improve a Supplier's performance and capabilities to meet the Buyer's procurement needs.



NEED OF VENDOR DEVELOPMENT

DRDO PROCUREMENT : UNIQUE FEATURES

- ✓ Diverse & peculiar/specific requirements of Labs/ Estts/Projects.
- ✓ Very few vendors : High tech areas.
- ✓ Higher rate of obsolescence.
- ✓ Trade embargos.
- ✓ Time and need criticality.
- ✓ Items not available off the shelf.



TYPES OF PROCUREMENTS

- COTS/manufacturing line items.
- Components/ sub-systems fabricated as per our drawing/specification.
- QR based design, development & fabrication.
- Software development as per specification.
- Solution of specific problem, no deliverables.
- Contract for services (transportation, printing etc.), repair, servicing and maintenance (stores).



Policy & Principles

- ✓ Exploration of sources should be as wide as possible. Explore academic institutions / other Govt. agencies also.
- ✓ Contractor's ability to undertake the job and to take up bulk production to be evaluated and verified by TEC to assess their genuine potential.
- ✓ Contract to be placed preferably with more than one contractor.



Dispensations

- Tender fee, EMD, security deposit may be waived.
- LD clause may be excluded.
- Development partner to be the production agency for the product.
 - Some percentage quantity, restricted to the installed capacity of partner, to be reserved till a specified period in all future procurements.
 - Price preference of 10%



WHY VENDOR REGISTRATION?



Rule 142. Registration of Suppliers :

- (i) With a view to establishing reliable sources for procurement of goods commonly required for Government use, the Central Purchase Organisation (e.g. DGS&D) will prepare and maintain item-wise lists of eligible and capable suppliers. Such approved suppliers will be known as "Registered Suppliers". All Ministries or Departments may utilise these lists as and when necessary. Such registered suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. They are also ordinarily exempted from furnishing bid security along with their bids. A Head of Department may also register suppliers of goods which are specifically required by that Department or Office.
- (ii) Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- (iii) The supplier(s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration are to apply

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afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfil all the required conditions.

- (iv) Performance and conduct of every registered supplier is to be watched by the concerned Ministry or Department. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration to any Government agency or for any ground which, in the opinion of the Government, is not in public interest.

Rule 143. Enlistment of Indian Agents : As per the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance, it is compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with the Central Purchase Organisation (eg. DGS&D). However, such enlistment is not equivalent to registration of suppliers as mentioned under Rule 142 above.



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Chapter 3:

- 3.1 Source Selection
- 3.2 Registration of Vendors
- 3.3 Vendors' Evaluation
- 3.4 Removal of Registered Vendors



VENDOR RATING CRITERIA

Stage -1 : At the Time of Registration

Stage-2 : At the time of tendering

Stage-3 : At the time of supply

Stage-4 : After Acceptance



Stage -1 VENDOR RATING CRITERIA	
Registration as per Govt Rules & Regulations	<ul style="list-style-type: none"> • VAT • TIN
Registration with other Govt bodies	
History of banning/ deregistration	
Environmental Regulation compliance	<ul style="list-style-type: none"> • Recycling management • Disclosure of environmental infractions • Hazardous and toxic waste management • Environmental certification • Packaging material – standardised, reusable, disposable containers
Financial Strength	<ul style="list-style-type: none"> • Turnover • Max order value handled • Min Investment requirement • Total value of orders of DRDO
Geographic location	<ul style="list-style-type: none"> • Distance from the supplier to DRDO lab is entered
Service Network/Presence	
Quality related certification	<ul style="list-style-type: none"> • Details of the quality related certification



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Quality systems	<ul style="list-style-type: none"> • Process control systems • Total quality commitment • Gauges and instruments calibration • Parts per million defect performance
R&D facilitation	<ul style="list-style-type: none"> • Resources committed towards R&D
Range of products	<ul style="list-style-type: none"> • The total number of products that the supplier manufacture
Depth of products	<ul style="list-style-type: none"> • For each product what is the variety available with the supplier
Process and technological capability	<ul style="list-style-type: none"> • Technology • Adequacy of production capacity • Design capability • Details of Automisation
Scope for expansion of capacity	<ul style="list-style-type: none"> • Future process and technical ability • Expansion plans • Capital equipment plans and strategy
Management Relationship with employees	<ul style="list-style-type: none"> • History of labour disputes, strikes, lock outs • Number of man-days lost due to labour unrest
Shortage rate	<ul style="list-style-type: none"> • No. of short / gross number of shipment
	<ul style="list-style-type: none"> • E-mail, Fax, Website, Electronic Fund Transfe • Communication via email

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Stage -2	
Price	<ul style="list-style-type: none">• Price quoted by the supplier
Compliance to instructions in RFP	<ul style="list-style-type: none">• Payment terms• Port terminal /handling• Additional fees and commissions• Warranty period
Responsiveness	<ul style="list-style-type: none">• Time taken by the supplier to respond
Delivery time	<ul style="list-style-type: none">• Time taken by the supplier to supply
Technical acceptance	



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Stage -3	
Reliability	<ul style="list-style-type: none">No. of delays / gross number of shipment
Shortage rate	<ul style="list-style-type: none">No. of short / gross number of shipment
Delivery time	<ul style="list-style-type: none">Time taken by the supplier to supply
Quality	
Contractual Compliance	



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Stage -4	
Handling of problems (Rectifying the defective pieces)	<ul style="list-style-type: none"> • The previous history of handling problems • Supplier corrective action • Problem resolution ability
Technical assistance	<ul style="list-style-type: none"> • The number of times the technical assistance is rendered by the supplier • New product development support
Response Time	
Contractual compliance	
Long term relationship potential	<ul style="list-style-type: none"> • Willingness or commitment to long term relationship • Willing to participate early in product design • Uniqueness of the supplier • Interest in joint problem solving and improvement efforts • Willing to have free and open exchange of information • Willing to share future planning • Need for confidential treatment of information taken seriously • Willing to share cost data • Willing to come first to DRDO with innovation • Willing to commit capacity exclusively to DRDO • Commitment to understand DRDO problems and concerns



Thanks

