

No. DDP-P0012/8/2018-D (Prod-II)  
Ministry of Defence  
Department of Defence Production  
D (Prod-II)

252, 'B' Wing, Sena Bhawan New Delhi,  
dated 22<sup>nd</sup> February, 2018

**Subject: - Record of decisions of the Meeting held under the Chairmanship of Secretary (DP) on 01.02.2018 at 1730 Hrs on the issues raised by Vendor Association-OFB.**

Ordnance Factory Board – Vendor Association has been submitting representations on various issues with OFB. As desired by Secretary (DP) issues raised by the Vendor Association were listed and discussions were held thereon with the representatives of Vendor Association and OFB. Decisions taken in the meeting with respect to the issues raised by the Vendor Association are as below:

Sl.No	Issues raised by OFB-VA	Decisions
<b>Capacity Verification &amp; Registration</b>		
(i)	Not to insist on capacity verification fee of Rs. 2000/- for every tender.	Regarding assessment fee of Rs. 2000/- it was clarified that if the manufacturing facility of a firm has already been verified by OFB then for sub part/sub-assemblies being manufactured from the same manufacturing facility, the capacity verification of the firm should not be done again, if the said sub-part/sub-assembly was part of the manufacturing value addition process, when the capacity verification of the firm was taken for the product as a whole.
(ii)	Charging of Rs. 2000/- vendor registration fee separately for each of the tender while applying for on-line registration should not be applicable for already registered vendors.	It was decided that if the vendor is already registered; while applying for an on-line tender, the vendor should not be asked to do further registration.
(iii)	New rule regarding validity of PSD for 14 months after the last supply should be amended.	It was informed that OFB vide letter No-14/4/OPP/ MM/ P& C dated 30.11.2015 has issued clarification that for contracts not having warranty clause like certain raw-materials, labour contract, maintenance contract etc. PSD may be released 60 days after the completion of the contractual obligations.

<b>Delay in payment</b>		
(iv)	To pay interest three times if payment to vendors is delayed for more than 45 days from the date of the receipt of store in the ordnance factories.	It should be ensured by OFB that payment is made to the vendors within one month from the date of receipt of stores and relevant documents at the factory's premises from suppliers. <b>This needs to be strictly enforced.</b>
<b>Levying of LD</b>		
(v)	To follow guidelines regarding levying/charging LD.	Regarding levying/charging LD it was intimated by OFB that decision of levying LD for failure to deliver stores/services within DP are being taken by Factories as per provisions contained in OFBPM 2010. However, It was also informed that <b>if delay in supplies of stores is attributable to Ordnance Factories then no LD is being charged while extending DP.</b>
<b>Source Development Supply Order</b>		
(vi)	Power of TPC to cancel source development order should be amended and decision may be taken by higher TPC after hearing views of the vendor as well.	It was intimated that any source development order would be cancelled /short closed by concerned TPC only after giving sufficient opportunity to the vendor of source development order.
(vii)	New source development suppliers should not be penalized and all forfeited PSDs on account of non-supply of material should be refunded.	Any source development order would be cancelled /short closed by concerned TPC only after giving sufficient opportunity to the vendor of source development order.
<b>Miscellaneous items</b>		
(viii)	Clarifications regarding drawings, raw material testing procedure are not clarified in time.	All the clarification regarding specifications, drawings, raw material, testing procedure etc. may be issued and resolved in the pre bid stage meeting which may be held necessarily.

2. A review meeting in this regard may be held after three months to review the progress. Meanwhile a Defence Investor Cell has been created in the Ministry to facilitate MSMEs in handling/resolving various issues being faced by them.

3. Further, since OFB is expected to function as system integrator, lot of out sourcing should be done by them, which would bring work for MSMEs. Also, tenders may be finalized by OFB expeditiously so that timely delivery of stores is ensured, which is essential for efficient functioning of OFB. Further, ERP may be implemented in totality in the supply chain management. As ERP implementation may take time, all provisions of e-Payment may be implemented on priority.



(Surajit Indu)

Under Secretary to the Govt. of India

**DGOF & Chairman, OFB**

Copy to:

- (i) President, OFB-Vendor Association
- (ii) President, FICCI