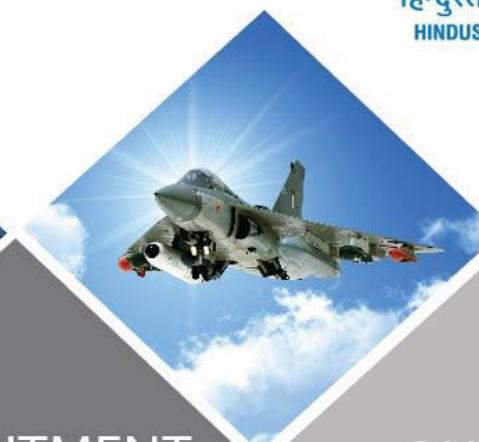


INTEGRITY

MISSION

COMMITMENT

QUALITY



## UTTAR PRADESH DEFENCE EXPO (UPDEX-2018), KANPUR

14<sup>th</sup> - 16<sup>th</sup> Nov' 2018

**HAL PROCUREMENT PROCEDURES AND VENDOR DEVELOPMENT**

# HISTORICAL PERSPECTIVE



Seth Walchand Hirachand

**Dec 1940**

Hindustan  
Aircraft Private  
Limited (HAPL)



**Aug 1963**

Aeronautics  
India Ltd(AIL) :  
For MIG aircraft

**Oct 1964**

Hindustan  
Aeronautics Ltd:  
Amalgamation of  
HAPL & AIL

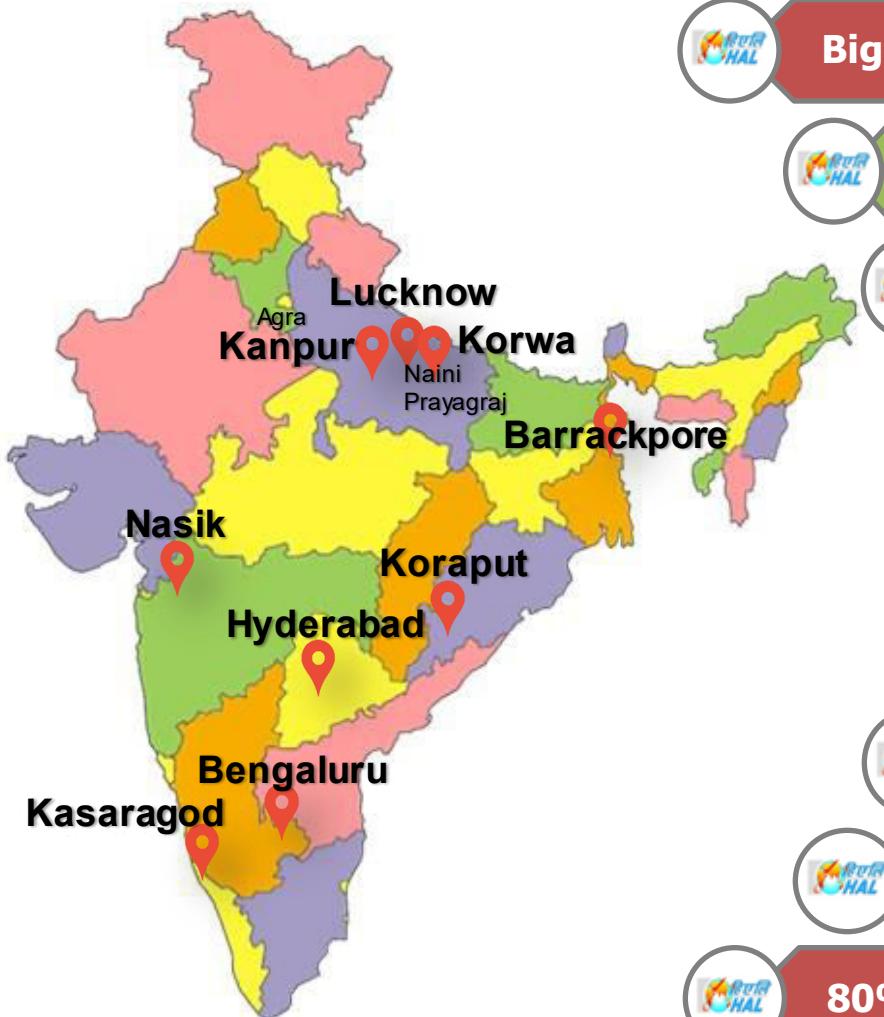
**Jun 2007**

Nav-ratna Status

**Dec 2015**

**75 Years of  
Service to  
Nation**

# HAL TODAY



- Biggest Defence PSU in India**
- 35<sup>th</sup> Position among the top 100 Aerospace industries in the world**
- 20 Production and 11 Co-located R&D Centers**
- Sales for the FY 17-18 stands at Rs 18000 Cr**
- Exports to over 20 countries**
- 17 Indigenous & 14 Licensed aircraft manufactured**
- Over 4060 Aircraft Produced (31 types)**  
**Over 4900 Engines Produced (15 types)**
- MoU Excellent rating for the past 15 years**
- 80% footprint of HAL in Defence flying platforms**

# HAL CAPABILITIES – A SNAPSHOT



**Manufacture and Overhaul of DO-228 aircraft**



**Overhaul of AVRO aircraft**

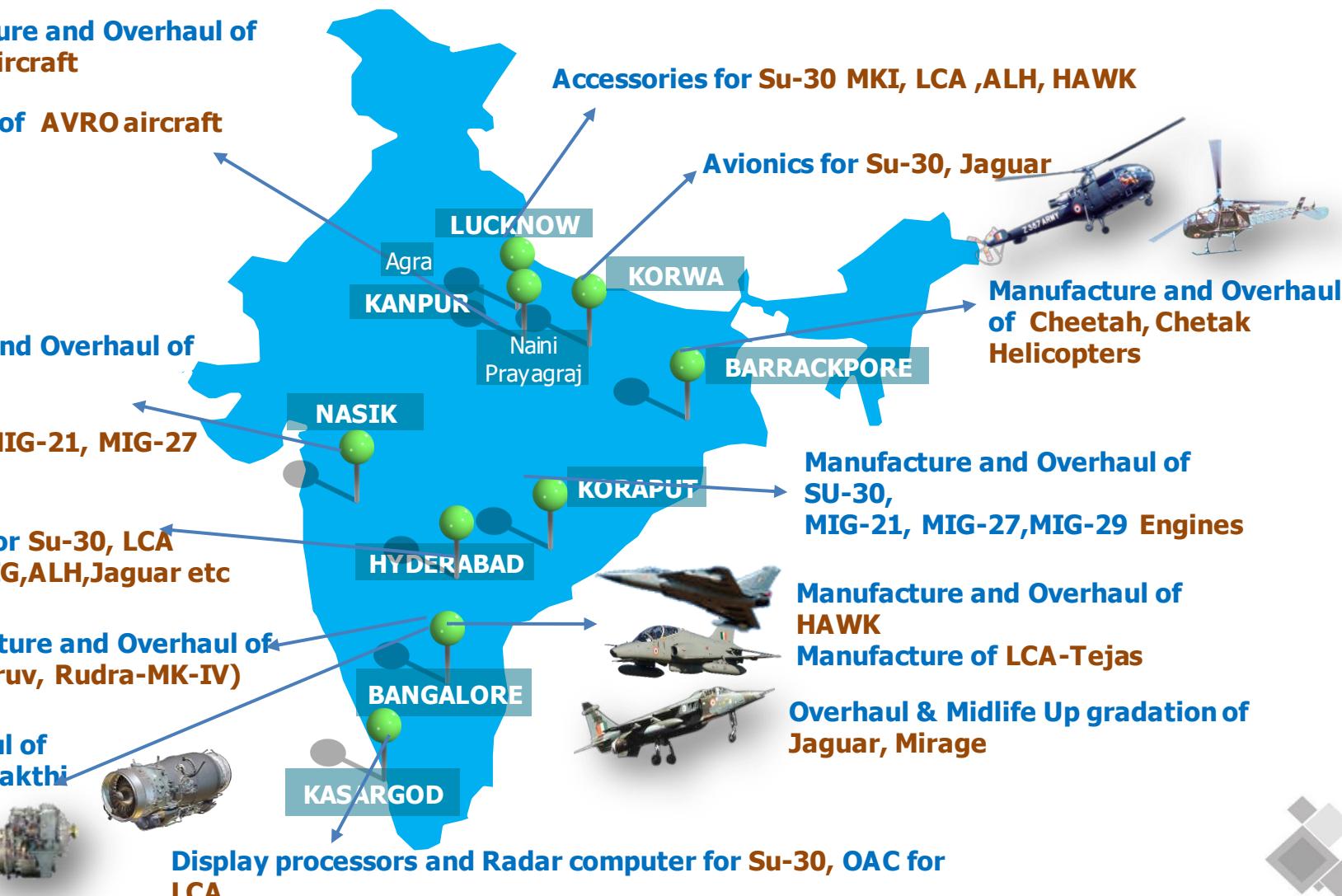


**Manufacture and Overhaul of SU-30 MKI**



**Overhaul of MIG-21, MIG-27**

**Manufacture and Overhaul of HAWK, DORNIER -228,Shakthi (ALH) Engines**



# HAL CAPABILITIES

**Capabilities aligned towards  
Self Sufficiency & Defence  
Preparedness**

Maintenance, Repair and  
Overhaul (MRO)

Manufacture of Aircraft,  
Helicopter, Engines, Systems

D & D of Platforms, Aero-engines  
and systems

Manufacture of Structures for  
Launch vehicles and Satellites

Aircraft mid-life upgradation

Missile Integration on existing  
platforms

D&D and Manufacture of UAVs

# CURRENT OPERATIONS (MANUFACTURING)

Production Over  
the years in HAL

14 Types

Under ToT

17 Types

Indigenous

Fighter Aircraft



SU-30MKI



LCA

Military Transport  
Aircraft



Do - 228

Helicopters



ALH



CHEETAL

# CURRENT OPERATIONS (REPAIR & OVERHAUL)

Aircraft ROH  
Over the years

33 Types

Fighters  
(4 Types)



Su-30 MKI



MiG Variants



Jaguar



Mirage

Trainers  
(2 Types)



Kiran Mk I / MK II



Hawk

Transport  
(3 Types)



AVRO



Do-228



AN-32

Helicopters  
(3 Types)



Cheetah



Chetak



ALH

# CUSTOMER PROFILE

## Domestic

### Military

- ✈ Indian Air Force 
- ✈ Indian Coast Guard 
- ✈ Indian Navy 
- ✈ Indian Army 
- ✈ LRDE( DRDO) 

### Civil

- ✈ Airport Authority Of India (AAI)
- ✈ Border Security Force (BSF)

## Exports

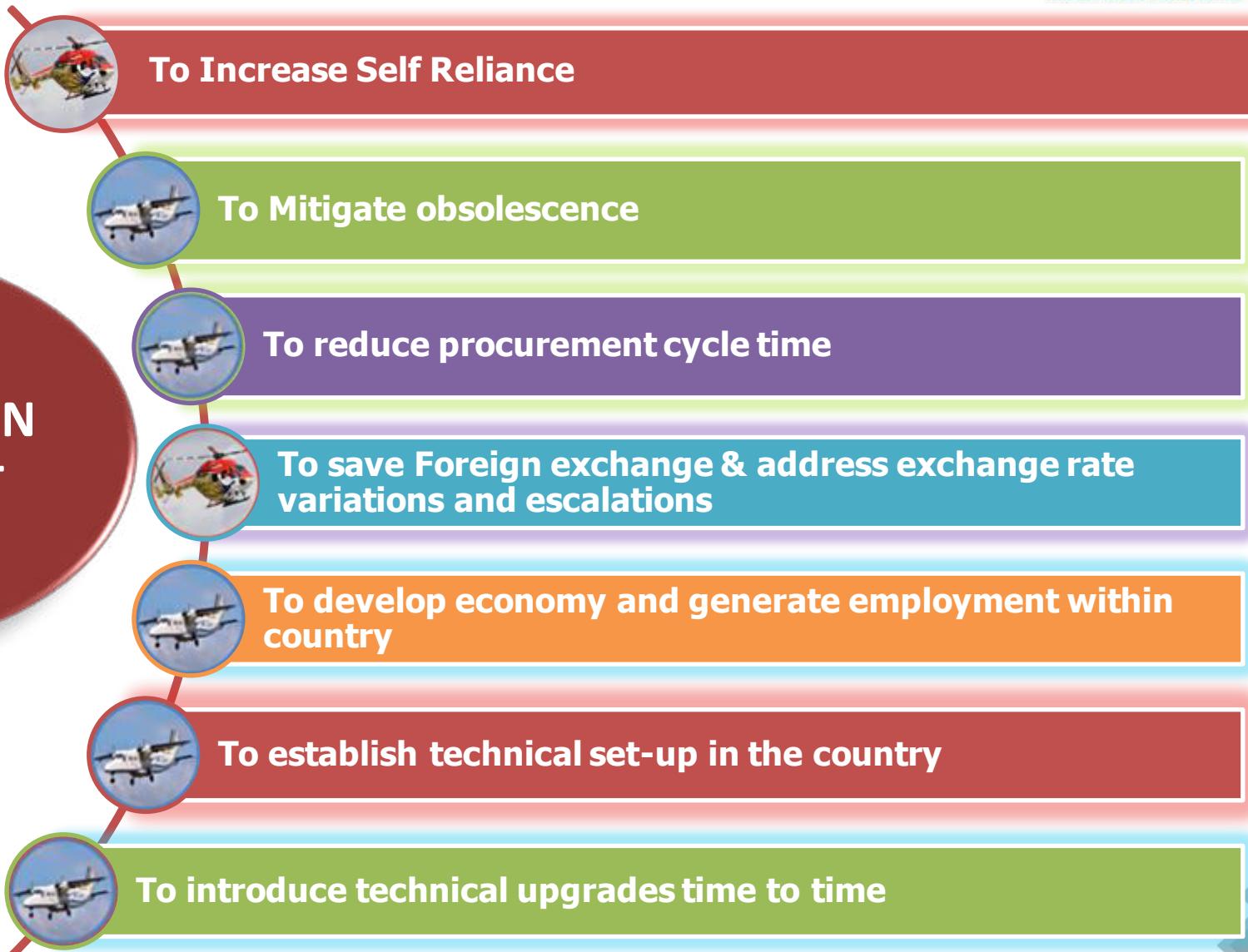
### Aircraft Structure



# Procurement / Outsourcing Requirement in HAL

- Ensuring fair, open and uniform purchase practices
- To develop healthy and long term relationship with suppliers.
- To foster the commercial and technological interest of HAL in the local, national and international market.
- To fulfill mission and goals by outsourcing aiming to improve efficiency and effectiveness.
- To enable HAL to dedicate itself to its core activities and to meet the production targets.

## INDIGENISATION REQUIRMENT



# Procurement Set-up in HAL

Western Tech  
(DO228, HS748,  
JAGUAR &  
HAWK)

Russian Tech  
(MIG, SU-30MKI,  
AN-32)

Indigenous Design  
(ALH, LCH, LUH,  
LCA & HTT-40)

Non Project PO,  
Outsourcing &  
Works Orders



## Project Contracts for

- 1) Purchase of LRUs & Test Rigs
- 2) Repair & OH of LRUs & Test Equipments
- 3) Spares and Consumables

## Non-Project Contracts for

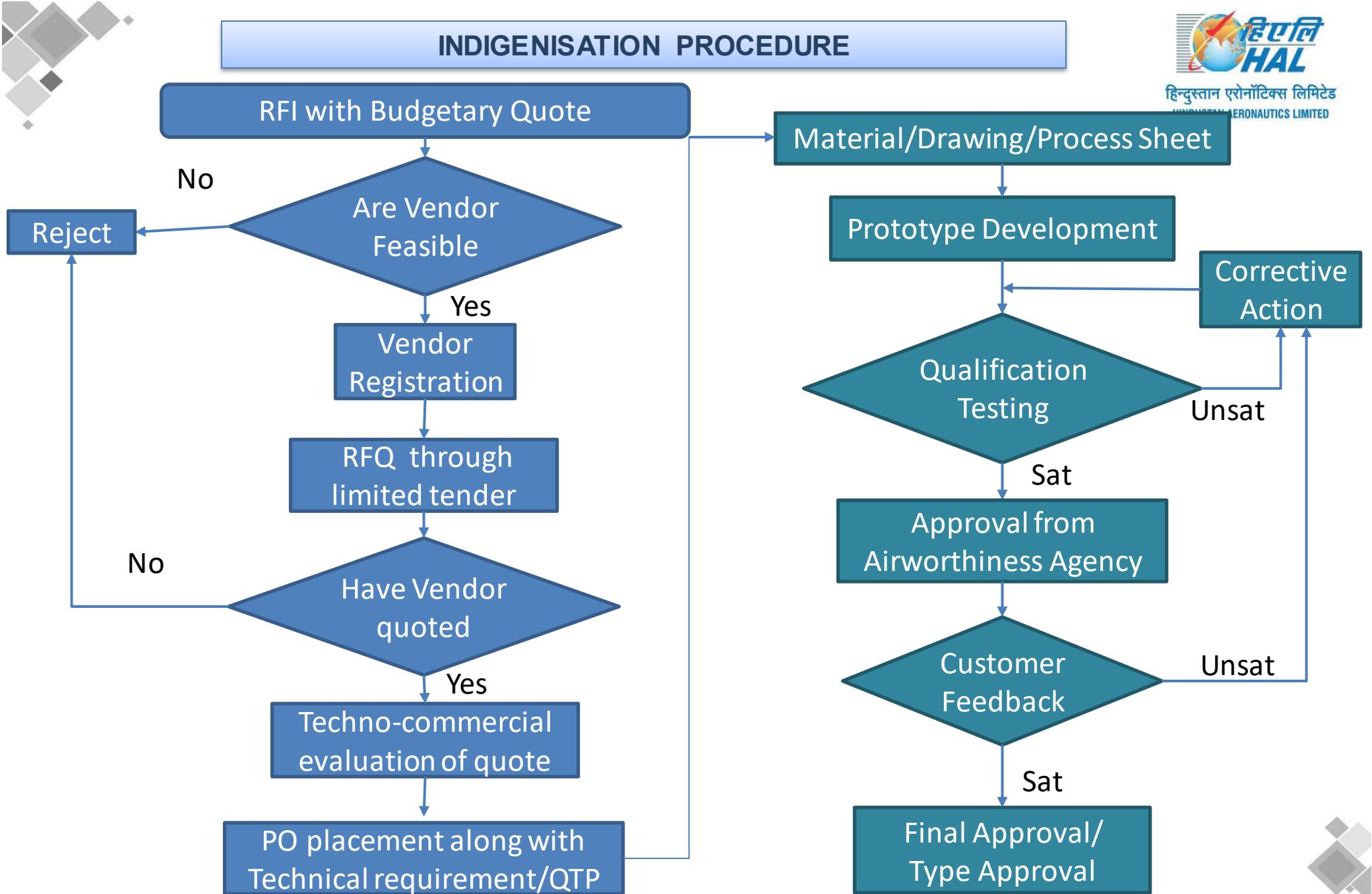
- 1) Capital Items
- 2) Commercial Items
- 3) Medicine Contracts
- 4) Canteen Contract
- 5) Hiring of Manpower on temporary basis
- 6) Outsourcing of Machining & Assembly Process, dismantling, Tooling etc.
- 7) Plant & Machinery Maintenance & AMC.
- 8) Civil Works

# Modes of tendering

- **Procurement through Tendering**
  - Open tendering (Beyond Rs. 5 Crs.)
  - Limited tendering (Through known sources)
  - Proprietary Tendering (Through OEMs)
  - Spot tendering (For urgent Items)
- **Non tendered Procurement**
  - Existing rate contracts
  - Repeat Order
  - Against License agreements
  - Imprest Purchase
  - Petty Purchase
  - Through GeM Portal (with Registration for Govt. Bodies)

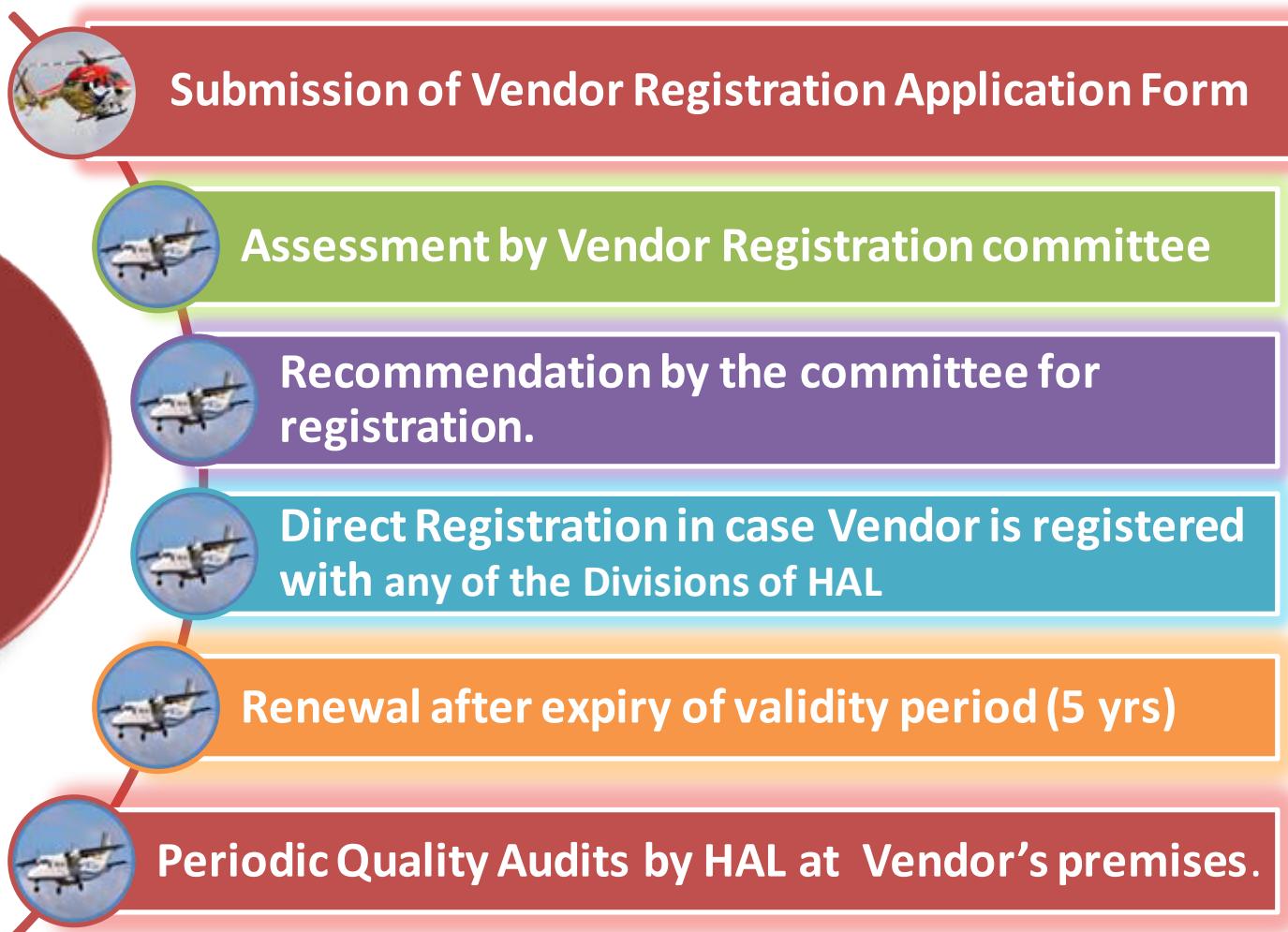
\* Tenders having value > Rs. 5 Crs. Require a signed Integrity Pact while submission of quotation.

# INDIGENISATION PROCEDURE



# Vendor Registration IMM, Outsourcing & Indigenization

## VENDOR REGISTRATION PROCESS



# Vendor Registration-Do's & Dont's

- Firms seeking registration shall disclose complete and correct information. If Found wrong actions will be initiated to penalize.
- Vendors shall be responsible for sending information updates on their own, within one month of any changes.
- In case of Stockiest /distributors of proprietary items, document evidencing OEM's authorization to be made available.
- Under purchase Preference Policy of GOI, the Local Content shall be at least 50%. This has to be declared/ certificate shall be issued to get the benefits.

# e-Procurement

- To bring more transparency in the procurement system.
- To provide centralized unified platform for vendor registration.
- To facilitate faster decision making.
- To provide opportunity for wider participation.
- To make submission of the Bids by the bidders/ suppliers easier.
- To facilitate on-line provision of Addendums and changes to the tender documents to bidders / suppliers.



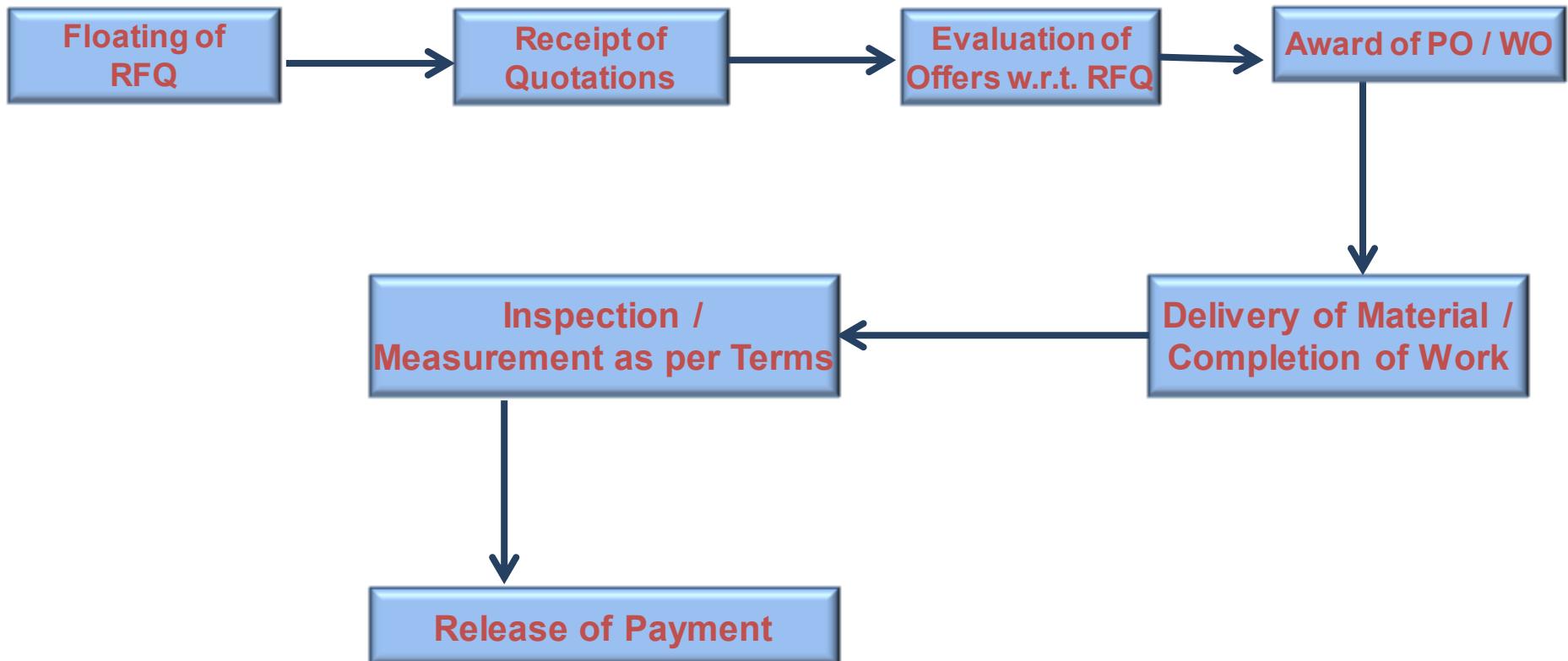
# Functional Features of e-procurement

**Departments - IMM,OS, Plant Maintenance and Civil Works**

**Tender Modes - Open Tenders, Limited Tenders, Single Bid, 2 Bids and 3 Bids**

- **Vendor Enrolment - Vendor e-Registration**
- **Online HAL User Creation**
- **Online Tendering**
- **Corrigendum.**
- **Acknowledgement of receipt of bids.**
- **Online MIS Report Generation**
- **Separate roles for Creation, Authorization and Tender Opening.**
- **Multiple submission of Bids by Vendors before Due Date.**
- **SMS and e-Mail alert**
- **Support for Foreign Proprietary Vendors with OTP.**

# Procurement Procedure



# Vendor Evaluation

- Vendor rating provides the basis for comparing the performance of one vendor against the other.
- It is a tool for eliminating non performing vendors who repeatedly fail to meet minimum acceptable standards.
- Parameters for Vendor Evaluation Criteria

IMM	Outsourcing	Civil Works
Price – 25% weightage		No. of Years in Operation – 25% Weightage
Delivery – 25% weightage	Quality – 60% weightage	Turnover (Last Financial Year) – 25% Weightage
Quality – 40% weightage		No. of Manpower on Rolls – 25% Weightage
After Sales Services – 10% weightage	Delivery – 40% weightage	Quality – 25% Weightage

## Vendor Rating for suppliers

- Vendors are classified into three categories :
  - Class A (performance rating better than 80%),
  - Class B (performance rating better than 50%)
  - Class C (performance rating less than 50%).

## Vendor Rating for Outsourcing suppliers

- Vendors are classified into three categories :
  - Class A (performance rating better than 80%),
  - Class B (performance rating better than 60%)
  - Class C (performance rating less than 60%).

\*The class of a Vendor may affect the Enquiries to be sent to a vendor.

# Procurement from MSME

- As per section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Central Government, notified following targets to Govt. organization:
  - An annual goal of procurement from Micro and Small Enterprises (MSE) of minimum 20% of total annual purchase of products and services.
  - A sub target of 20 % out of 20 % target of annual procurement from Micro and Small Enterprises (i.e. 4% out of 20%) for procurement from Micro and Small Enterprises owned by the SC/ST Entrepreneurs.
- MSME Vendors quoting price within price band of L1+15 per cent shall be allowed to supply up to 20 percent of total tendered value by bringing down their price to L1 vendor price.

# Purchase Preference Policy (PPP) from Indian Vendors

- Department of Industrial Policy Promotion (DIPP) guidance to Promote “Make in India” for goods and Services.
- PPP shall be included in all RFQs having total landed value more than Rs. 5.0 Lakh.
- To get benefits of PPP, Local Supplier/ Manufacturer/ Traders/ License Manufacturer/ ToT shall declare that more than 50% contents are from local sources.
- Even if indigenous source is 20% higher than L1 rate of Landed Cost, the order will placed to Indigenous vendor/s at L-1 rate.
- If Margin of Purchase is more than 20% than L-1 vendor of Foreign source then 50% order value will be splitted & placed on Local Supplier at L-1 rate subject to acceptance and fulfilling of PPP criterion.
- Small purchases of less than Rs. 5.0 Lakh is not to be splitted and full order to be awarded to Local sources.
- Penalty : If a complaint is lodged against the local source on False statements then
  - If complaint is found wrong then 0.1% of PO amount or Min. Rs. 5000 penalty.
  - If local source is found false then 2% of PO value penalty and debarred for 2 Yrs from Business. This will hold valid to debar from all Divisions of HAL.

# Procurement through GeM Portal

## How does it work ?



Branch of Government Organisation  
/ PSU / Autonomous Bodies / Local  
Bodies / Constitution Bodies /  
Statutory Bodies



Managed & Administration



- Direct Purchase
- L1 Purchase
- Bidding
- Reverse Auction



Seller



Service Provider

# Advantages for Procurement through GeM Portal

For Buyers	For Sellers
Rich listing of products for individual categories of Goods / Services.	Direct access to all Government Departments.
Search, Compare, Select and Buy facility	One stop shop for marketing with minimal efforts.
Buying Goods and Services online, as and when required.	One stop shop for bids / reverse auction on products / services
Transparent and ease of buying	New Product Suggestion facility available to Sellers
Continuous vendor rating system	Dynamic pricing: Price can be changed based on market conditions
User-friendly dash board for Buying and monitoring supplies and payments	Seller friendly dashboard for selling and monitoring of supplies and payments
Easy Return policy	Consistent and uniform purchase procedures

# Vendor Development for Outsourcing Activities

**Interactions with Industrial bodies like CII, NSIC, SIATI, ACMA /Aerospace Manufacturing Associations**

**Organizing symposiums/seminars and participating in industrial exhibitions/ workshops/ seminars like DEFEXPO/ AERO INDIA etc.**

**Industrial visits by senior officials to identify prospective sub contractors and prima-facie assesses their capability/interest and apprises them about our requirements**

# End of the Presentation