

Paper Evaluation of Technical Offers

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History of Indian Defence Procurement

If one attempts to put the history of Indian defence procurement into perspective, it can be roughly divided into four phases as follows: -

1947 to Early 1960s	-	Up to 1962 Sino Indian Conflict
Mid 1960s to Mid 1980s	-	After 1965 Indo Pak Conflict
Mid 1980-2000	-	Upto Kargil War
2000 to Present Day		

Each phase spans approximately two decades. The first phase was characterized by off-the-shelf procurement by import, predominantly from France and UK. During the second phase efforts were made to build up domestic defence production under government controlled facilities mostly through assembly under licensed production from the erstwhile Soviet Union and UK. The third phase started with large purchases by the government while gradual improvements were made in R & D and systems integration for in-

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country assembly of weapons though again limited to government controlled facilities. This phase was also marked by a major procurement controversy bringing to fore the need for a more robust and transparent procurement process. What resulted was DPP-1992 which laid down instructions to be followed for the acquisition process. The current phase started post-Kargil War. The defence procurement process really started evolving in this phase where a new set up was established in the MoD as also the procedures continue to evolve based on our experience while implementing the same taking into account feedback from all stake holders.

In this evolutionary process we are today at crossroads where while on one hand our policies and procedures largely satisfy the need for competition, impartiality, transparency and public probity, yet on the other hand the pace of acquisition is well short of the desired level. While many of the important issues will continue to be debated, refining our Paper Evaluation of the proposals – an important milestone in our acquisition process – undoubtedly will also contribute towards reducing this gap.

The defence acquisition process, to my mind, is also largely influenced by the dominant psyche of an ordinary Indian purchaser : *SUNDER – SASTA – AUR TIKAU* where in our context *SUNDER* means that the equipment meets technical parameters as spelt out in the RFP but is not necessarily technologically the best. *SASTA* implies that it may have lowest cheapest initial cost but not necessarily in terms of life cycle cost and *TIKAU* of course is dependable and maintainable with lifetime support.

It is in this context that we need to take a look at Paper Evaluation as provisioned for in DPP-08 *all other factors remaining constant*.

To recapitulate, in brief paper evaluation of all technical proposals is carried out by a Technical Evaluation Committee (TEC) constituted under Service Headquarters and is broad based with wide representation. In case ToT is sought, nominated Production Agency is also co-opted. It scrutinizes all technical proposals for their RFP compliance with specific reference to technical parameters seeking clarifications/presentations from vendors, if required, before making its recommendations with regard to short listing the vendors who should be invited for field evaluation.

TEC and Its Challenges

Experience over time has brought to fore a number of challenges that are faced by the TEC in carrying out effective Paper Evaluations. Some of the major ones are as follows:-

- Many vendors forward standard product brochures with absolute

disregard to QRs. TEC is unable to ignore their offers and has to read small print to ascertain compliance or seek clarifications.

- Vendors at times indicate technical specifications as sought in the RFP in their technical proposal as also submit their brochures where technical specifications may be quite different from those stated in the technical proposal. Unable to ignore either, TEC is forced to seek clarifications thereby incurring loss of time.
- Many vendors make false claims with the expectation that waivers may be granted subsequently while forthright vendors may get rejected for non-compliance.
- Some vendors claim compliance only with the aim of having their equipment field evaluated in varying terrain and climatic conditions either for further development or for spicing up their brochures for future.
- Some vendors, particularly from Eastern Europe, sometimes misinterpret the RFP requirement or formulate unclear technical proposals primarily due to lack of knowledge of English language, necessitating TEC to seek clarifications.
- Very often the clarifications submitted by vendors in response to those sought by TEC remain ambiguous leading to repeated exchange of correspondence.
- Due to these challenges, the TEC invariably takes longer than the stipulated guideline of three months to submit its report.
- Not all members of TEC always possess the technical knowledge to scrutinize varying and newer technologies offered by different vendors.
- Sometimes repeated or leading questions are asked, perhaps inadvertently, by the TEC, response to which by vendors at times leads to compliance while falling foul of Para 35 of DPP-08 – “A technical offer, once submitted, should not be materially changed subsequently.” .

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Study of acquisition procedures adopted by most other countries indicates that

Paper Evaluation assumes significance when technologies offered have to be evaluated either for adoption for further development of a system or when value is assigned to technologies to ascertain which equipment is technologically superior to enable a buyer to make a more informed decision. In either situation the task of such Paper Evaluation is assigned to technical experts.

In our context, where SQRs of the equipment to be procured should be of contemporary technology widely available in the world market (Para 16 of DPP-08) and where no value is assigned to technology while selecting an equipment as long as it meets the SQR parameters the limited objective of evaluation by TEC may be summarized as under :-

- Ensure that equipment that meets technical requirements and serious players are only invited for field evaluation.
- Avoid the procurement process being derailed when L-1 vendor becomes non-compliant to some other RFP parameter(s).

Experience suggests that the requirement of “ No Cost No Commitment ” trials in the RFP, to a very large extent, also ensures that only serious vendors respond to the RFP. Even where RFPs have been issued to as many as 30 vendors, of course in some low technology equipments, the response has remained at 5 to 6 vendors at the most. Thus the objective of restricting technically non-compliant, non-serious vendors from being invited for field evaluation can be largely achieved even without examination of technical parameters by the TEC. Thus the objective of TEC gets further limited to confirming compliance to non-technical parameters of RFP. Moreover, it can be argued that that if Paper Evaluation were achieving its aim of ensuring that only those equipments that meet the technical parameters were invited for field evaluation and if that conclusion was to be true then such equipments should by and large clear field evaluation. However, experience does not suggest that.

We could therefore modify our existing procedure of Paper Evaluation to achieve the desired results much faster in the context of our acquisition philosophy of SUNDER – SASTA – AUR TIKAU alluded to earlier.

The proposed modified approach seeks only a written compliance from the vendor of all RFP parameters in the form of an undertaking (like presently done for offsets or use of the compliance table as already provided for in the RFP without getting into the fine print of technical proposals) and the commercial offer as the response to the RFP. However, in Buy and Make with ToT or where M-ToT is involved complete details as being sought presently should continue to be obtained. It may be made clear in the RFP that while deviations in the technical parameters will render equipment liable to rejection during field

evaluation, the vendors may indicate, with full justifications, those deviations in the technical parameters that do not affect the capability sought from the equipment in the RFP. It may also be made clear in the RFP that while commercial proposal necessarily has to be based on the RFP parameters vendors may separately indicate if they seek deviations from the non-technical parameters giving again full justification for the same. The deviations sought may then be examined by SHQ and Technical Managers, as the case may be, with necessary inputs from the agency concerned e.g. User Dte/Finance/Acquisition Managers and the vendors short listed to be invited for field evaluation. The report will then be processed as hither-to-fore for acceptance by DG (Acq). The ToT and M-ToT part of the technical proposals be examined by a committee constituted by Dept of Defence Production who must submit its report for acceptance by DG (Acq) within two months i.e. the time usually given to vendors to place their equipment for trials. Vendors rejected in this segment may not be permitted to participate in the field evaluation. This modified approach while fulfilling the objectives attained by the present methodology may be completed in 4-6 weeks at the most and save anywhere from 3-5 months from the acquisition time. This may also have an impact on the cascading effect necessitated due to the need for holding both summer and winter trials in case of some equipments.

Additionally, as a spin-off, the following advantages will also accrue :-

- Voluminous correspondence between the TEC and vendors will be avoided.
- Simplified and speedier procedure will encourage more vendors to participate in the scheme.
- User will be exposed to more number of equipments providing greater competition and opportunity to understand various technologies.
- Burden on TEC to exclude a vendor on a negotiable issue will be reduced.
- ToT and M-ToT proposals will be examined by a body with greater expertise and in any case by the one who initially formulated the RFP requirement in this regard.

Conclusion

The modified approach, while assisting speedier procurement, will continue to satisfy the need of competition, impartiality, transparency and public probity. 