

No.9/45/2017-HE&MT
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Heavy Industry

सचिव (औ.नी.सं.)

Secretary (IPP)

आदेश सं./Dy. No.

Date

P. 63548
14/6/18

Udyog Bhawan, New Delhi
Dated the 08th June, 2018.

NOTIFICATION

Subject: Public Procurement (Preference to Make in India) Order 2017- Notifying specified Capital Goods in furtherance of the Order.

Reference: Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-B.E.II dated 15.06.2017.

The Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-BE.II dated 15.06.2017 to encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment.

2. In furtherance of the Public Procurement (Preference to Make in India) Order 2017 notified vide reference cited above, the Ministry of Heavy Industries & Public Enterprises (HI&PE) hereby notifies that preference shall be provided by all Government Procuring Entities to domestically manufactured Capital Goods as per the aforesaid Order.

3. Capital Goods notified under the Public Procurement (Preference to Make in India) Order 2017, are annexed.

4. The Notification comes into effect immediately and would be reviewed as and when Department feels appropriate to do so.

5. This Notification shall remain valid till the revised Notification is issued.

6. **Procedure for calculating local content/domestic value addition**

6.1 Bill of Material sourced from domestic manufacturers (Dom-Bom) may be calculated based on one of the followings depending on data available. Each of these calculations should provide consistent result.

- Sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit/set-off can be taken) and which have not been imported directly or through a domestic traders or an intermediary.
- B. Ex-Factory Price of product minus profit after tax minus sum of imported Bill of Material used (directly or indirectly) as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit/set off can be taken) minus

warranty costs.

- c. Market price minus post-production freight, insurance and other handling costs minus profit after tax minus warranty costs minus sum of Imported Bill of Material used as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit/set-off can be taken) minus sales and marketing expenses.

6.2 Total Bill of Material (Total-BOM) may be calculated based on one of the following depending on data available. Each of these calculations should provide consistent result.

- a. Sum of the cost of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit/set-off can be taken).
b. Ex-Factory Price of product minus profit after tax, minus warranty costs.
c. Market price minus post-production freight, insurance and other handling costs minus profit after tax, minus warranty costs minus sales and marketing expenses.

6.3 The percentage of domestic value-addition may be calculated based on information furnished as per the following formula:

Percentage of domestic value-addition = $(\text{Dom-Bom} / \text{Total-BOM}) \times 100$

It is recommended that each agency assessing should calculate the domestic local content/value addition using at least two of the above formulae so as to validate the assessments in this regard and ensure that the domestic value addition that is claimed is consistent.

7. Verification of local content/Domestic Value Addition

- a. The local supplier at the time of tender, bidding or solicitation shall provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
b. In cases of procurement for a value in excess of Rs.10 crore, the local supplier shall provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practising cost accountant or practising chartered accountant (in respect of suppliers other than companies) giving the percentage of local.
c. False declaration will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.
8. MHI&PE shall be the Nodal Ministry to monitor the implementation of the Notification.



(N. Sivanand)

Joint Secretary to Government of India

Tel: 23062367

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New Delhi, the Dated 30.05.2018

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7. Joint Secretary (DIPP), Member-Convener of Standing Committee of Public Procurement Order 2017
8. Internal Distribution



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Joint Secretary to Government of India

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सं. प्र.सं. १५/१८.२०१८/१५००
महानिरीक्षक/Joint Secretary
महानिरीक्षक एवं सार्वजनिक उपकरण विभाग
Ministry of Heavy Industries & Public Enterprises
महानिरीक्षक विभाग/Department of Heavy Industries
नयाँ दिल्ली/Govt. of India
एन. सिवानंद/New Delhi

Specified Capital Goods

SN	Product	HSN Code	Minimum Local Content%	Imported Materials
A	STATIC EQUIPMENTS			
1	PRESSURE VESSELS	8419 8910		
a	Ammonia Converter (special type of pressure vessels used in Fertilizer industry)	8419 8910	50	Shell Plates, Forgings
b	Urea Reactors (special type of pressure vessels used in Fertilizer industry)	8419 8910	50	Shell Plates, UG Liner Plates Forgings
c	Hydroprocessing Reactor (special type of pressure vessels used in Petrochemicals industry)	8419 8910	40	Shell forgings, Clad plates
d	Coke Drum (special type of pressure vessels used in Petrochemicals industry)	8419 8910	50	Forgings
2	HEAT EXCHANGERS	8419 5010		
a	Urea Stripper (special type of heat exchangers used in Fertilizer industry)	8419 50 10	40	UG Liner plates, UG Tubes/Bi-metallic tubes, Channel shell plates, T/S & Forgings (Indian Tube manufacturers are not qualified at present)
b	Carbamate Condenser (special type of heat exchangers used in Fertilizer industry)	8419 5010	40	Channel shell plates, UG Tubes, UG Liner plates, T/S & Forgings
c	High Pressure Heat Exchangers	8419 5010	45	Tubes, plates of exotic material like incoloy, Forgings
3	BOILERS	8402 1910		

a	RG Boilers/Synloop Boilers (special type of boilers used in Fertilizer industry)	8402 1910	45	Shell plates, Tubes, Refractory
B	ROTATING EQUIPMENTS			
1	PUMPS:CENTRIFUGAL	8413 9120	95%	Special seals/High alloys/parts
2	COMPRESSORS	8421 2900	90%	Special seals/High alloys/parts/intercoolers
C	INSTRUMENTATION AND AUTOTOMATION			
1	INSTRUMENTS FOR PRESSURE	9026 2000	90%	Sensors
2	INSTRUMENTS FOR TEMPERATURE	9026 2000	90%	Sensors
3	INSTRUMENTS FOR FLOW	9026 1010	70%	Special Technology Ultrasonic/ Mass Flow Sensors
4	INSTRUMENTS FOR LEVEL	9026 1090	75%	Radar/Guided/Ultrasonic sensors
5	PROCESS ANALYSER SYSTEM	9027 1000	65%	Online Analysers and Accessories
6	CONTINUOUS EMISSION MONITORING SYSTEM	9027 1000	65%	Online Analysers and Accessories
7	AMBIENT AIR QUALITY MONITORING SYSTEM	9027 1000	65%	Online Analysers
8	DISTRIBUTED CONTROL SYSTEMS	9032 8990	70%/80%	Electronic Cards
D	PIPE LINE VALVES			
1	CONTROL VALVES	7318 1600	85%	Smart Positioners and Accessories
2	STEAM CONDITIONING VALVES/TURBINE BYPASS VALVE	8481 8010 / 8481 8090	80%	Special Actuators/Smart Positioners
3	VALVES FOR HIGH TEMPERATURE AND PRESSURE (GATE,GLOBE,BALL,BUTTERFLY)	8481 8010 / 8481 8090	≈ 80%	Special Actuators & High Alloys