

Item Name :	POST INSULATORS
Enquiry No. :	27G2000569
Project :	PGCIL SS-19 AND MPPTCL BADNAWAR
Type of project	TRANSMISSION Transmission / Thermal (Coal or Gas) / Hydro
Applicable percentage of Local Content	88% FOR PORCELAIN INSULATORS

Format for Affidavit of Self certification regarding Minimum Local Content in line with PPP-MII order, 2017 if applicable.

Date: / /2019

I _____ S/o, _____ D/o, _____ W/o, _____ Resident of _____ hereby solemnly affirm and declare as under:

That I will agree to abide by the terms and conditions of the Public Procurement (Preference to Make in India) Order, 2017 (*hereinafter PPP-MII order*) of Government of India issued vide Notification No:P-45021/2/2017 -BE-II dated 15/06/2017, its revision dated 28/05/2018 and any subsequent modifications/ Amendments, if any and

That the information furnished hereinafter is correct to the best of my knowledge and belief and I undertake to produce relevant records before the procuring entity/BHEL or any other Government authority for the purpose of assessing the local content of goods/services/works supplied by me for (Enter the name of the Equipment/Item for Project).

That the local content for all inputs which constitute the said goods/services/works has been verified by me and I am responsible for the correctness of the claims made therein.

That the goods/services/works supplied by me for (Enter the name of the Equipment/Item for Project) meets the 'Minimum Local Content 'as defined in the PPP-MII order.

That the value addition for the purpose of meeting the 'Minimum Local Content 'has been made by me at (Enter the details of the location(s) at which value addition is made).

That in the event of the local content of the goods/services/works mentioned herein is found to be incorrect and not meeting the prescribed Minimum Local Content criteria, based on the assessment of procuring agency (ies)/BHEL/Government Authorities for the purpose of assessing the local content, action shall be taken against me in line with the PPP-MII order and provisions of the Integrity pact/ Bidding Documents.

I agree to maintain the following information in the Company's record for a period of 8 years and shall make this available for verification to any statutory authority.

- i. Name and details of the Local Supplier
(Registered Office, Manufacturing unit location, nature of legal entity)
- ii. Date on which this certificate is issued
- iii. Goods/services/works for which the certificate is produced
- iv. Procuring entity to whom the certificate is furnished
- v. Percentage of local content claimed and whether it meets the Minimum Local Content prescribed
- vi. Name and contact details of the unit of the Local Supplier (s)
- vii. Sale Price of the product
- viii. Ex-Factory Price of the product
- ix. Freight, insurance and handling
- x. Total Bill of Material
- xi. List and total cost value of input used to manufacture the Goods/to provide services/in construction of works
- xii. List and total cost of input which are domestically sourced. Value addition certificates from suppliers, if the input is not in-house to be attached
- xiii. List and cost of inputs which are imported, directly or indirectly

For and on behalf of..... (Name of firm/entity)

Authorized signatory (To be duly authorized by the Board of Directors)

<Insert Name, Designation and Contact No.>

90

**No. 11/05/2018-Coord
Government of India
Ministry of Power**

**Shram Shakti Bhawan, New Delhi
Dated:20.12.2018**

ORDER

Subject: Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of Transmission Power Sector.

Reference: Department of Industrial Policy and Promotion (DIPP) Notification No. P-45021/2/2017-PP (BE-II) dated 28.05.2018

- 1.0** The Government of India has issued Public Procurement (Preference to Make in India) Order 2017 vide Department of Industrial Policy and Promotions (DIPP) Notification quoted above 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.
- 2.0** In furtherance of the Public Procurement (Preference to Make in India) Order 2017 notified vide reference cited above, and in supersession of any existing policy on the subject, Ministry of Power hereby notifies that preference shall be given by all public procuring entities to domestically manufactured products used in the Transmission Sector as per the aforesaid order of DIPP quoted above.
- 3.0** In pursuance of the aforesaid order of Department of Industrial Policy & Promotion (DIPP), the following products associated with the Transmission sector are hereby notified under the Public Procurement (Preference to Make in India) Order 2017 for procuring locally:

Sl. No.	Items	Minimum Local Content (%)	
		2018-19	over next five years in phased manner
1.	400 KV and above Transformers and reactors	60%	70%
2.	220 KV and below Transformers and reactors	75%	85%

Sl. No.	Items	Minimum Local Content (%)	
		2018-19	over next five years in phased manner
3.	Instrument Transformers	60%	85%
4.	HTLS conductors & hardware	60%	75%
5.	Conventional Conductors & hardware	80%	100%
6.	Porcelain Insulators	85%	100%
7.	Composite Insulators	50%	70%
8.	Air Insulated Switchgear, LA, Wave Trap (72.5 KV to 800 KV)	60%	80%
9.	HV Gas Insulated Switchgear (72.5 KV to 420 KV)	60%	80%
10.	800 KV UHV Gas Insulated Switchgear	40%	60%
11.	Control & Power Cables	80%	95%
12.	EHV Cables (up to 220 KV)	75%	90%
13.	Control & Relay Panels, SCADA, etc.	60%	75%
14.	Substation structures & Transmission Line Towers	90%	100%
15.	DG Set	100%	100%
16.	DC System in a substation	100%	100%
17.	Illumination System	100%	100%
18.	Grounding System	100%	100%
19.	HVDC System	40%	60%

- 4.0** The local content percentage prescribed below shall be applicable to EPC/Turnkey:

Sl. No.	Engineering, Procurement & Construction (EPC) / Turnkey project		Minimum Local Content (%)	
			2018-19	over next five years in phased manner
1.	Transmission Line		85%	95%
2.	HVAC Substation	AIS	85%	95%
		GIS	75%	90%
3.	HVDC Substation		60%	80%

- 5.0** Purchase preference shall be given to local suppliers in procurements done by departments or attached or subordinate office of, or autonomous body controlled by, the Ministry of Power and includes Government companies as defined in the Companies Act, including procurements in the projects / schemes which are fully or partially funded by the Government of India and/or PFC / REC.

- 6.0** Decision on complaints relating to implementation of this Order shall be taken by a Committee constituted by Ministry of Power as under:

Chairperson	Member (Power System), CEA.
Member	Chief Engineer (PSETD), CEA
Other member	Director (PSETD), CEA.

- 7.0** The complaint fee of Rs. 2 Lakh or 1% of the value of the local item being procured (subject to maximum of Rs. 5 Lakh), whichever is higher, shall be paid in the form of online transaction or Demand Draft, drawn in favour of DDO, CEA. In case the complaint is found to be incorrect, the complaint fee shall be forfeited. In case, the complaint is upheld and found to be substantially correct, deposited fee of the complainant would be refunded without any interest.

8.0 All other conditions shall be as per those laid down in the DIPP Notification No. P-45021/2/2017-PP (BE-II) dated 28.05.2018.



(Raj Pal)
Economic Adviser

To:

1. All Ministries/Departments of Government of India (As per list)
2. Cabinet Secretariat
3. Prime Minister's Office
4. NITI Aayog
5. Comptroller and Auditor General of India
6. Secretary, DIPP, Chairman of Standing Committee for implementation of Public Procurement Order, 2017
7. Joint Secretary, DIPP, Member-Convener of Standing Committee for implementation of Public Procurement Order, 2017
8. All JSs/EA/CE, MoP

158

1. To The Secretary, Department of Agriculture and Cooperation, Krishi Bhavan, Dr. Rajendra Prasad Road, New Delhi-110001	2. To The Secretary, Department of Agricultural Research and Education, Krishi Bhavan, Dr. Rajendra Prasad Road, New Delhi-110001	3. To The Secretary, Department of Animal Husbandry, Dairying and Fisheries, Krishi Bhavan, Dr. Rajendra Prasad Road, New Delhi-110001
4. To, The Secretary, D/o Atomic Energy Anushakti Bhavan, Chatrapathi Shivaji Maharaj Marg, Mumbai-400001	5. To, The Secretary, Department of Ayush Ayush Bhavan, B-Block, GPO Complex, INA New Delhi-110023	6. To, The Secretary Department of Chemicals and Petrochemicals A-Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001
7. To, The Secretary Department of Fertilizers A-Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001	8. To The Secretary, Department of Pharmaceuticals 3 rd Floor, B-Wing, Janpath Bhawan, New Delhi-110001	9. To The Secretary, Ministry of Civil Aviation Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi-110003
10. To The Secretary, Ministry of Coal A-Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001	11. To The Secretary, Department of Commerce Udyog Bhawan, New Delhi-110011	12. To The Secretary, Department of Industrial Policy & Promotion Udyog Bhawan, New Delhi-110011
13. To The Secretary, D/o Electronics & Information Technology, Electronics Niketan, 6, CGO Complex, Lodhi Road., New Delhi-110003	14. To The Secretary D/o Posts Dak Bhavan, Sansad Marg, New Delhi-110003	15. To The Secretary D/o Telecommunications Sanchar Bhavan, Rafi Marg, New Delhi-110003
16. To The Secretary, D/o Consumer Affairs Krishi Bhavan Dr. Rajendra Prasad Road, New Delhi-110001	17. To The Secretary, D/o Food and Public Distribution Krishi Bhavan Dr. Rajendra Prasad Road, New Delhi-110001	18. To, The Secretary Ministry of Corporate Affairs A-Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001
19. To, The Secretary, Ministry of Culture Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001	20. To The Secretary, Department of Defence South Block, New Delhi-110001	21. To The Secretary, Department of Defence Production, South Block, New Delhi-110001
22. To The Secretary Department of Defense Research & Development South Block, New Delhi-110001	23. To The Secretary, Department of Ex-Servicemen Welfare South Block, New Delhi-110001	24. To The Secretary, Ministry of North Eastern Region, Vigyan Bhawan Annexe, Maulana Azad Road, New Delhi-110011
25. To The Secretary, Ministry of Drinking Water and Sanitation 9 th Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road New Delhi-110003	26. To, The Secretary, Department of Disinvestment Block No. 14, 3 rd Floor, CGO Complex, Lodhi Road New Delhi-110003	27. To, The Secretary, Ministry of Earth Sciences Mahasagar Bhavan, Block-12, C.G.O Complex, Lodhi Road, New Delhi-110003
28. To, The Secretary, Ministry of Environment, Forests & Climate Change Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003	29. To The Secretary, Ministry of External Affairs South Block, New Delhi-110001	30. To The Secretary, Department of Economic Affairs North Block, New Delhi-110001
31. To The Secretary, Department of Expenditure North Block, New Delhi-110001	32. To The Secretary Department of Financial Services 6B, 3 rd Floor, Jeevandeep Building, Sansad Marg, New Delhi-110001	33. To The Secretary Room No 144-B, Department of Revenue North Block, New Delhi-110001
34. To The Secretary, Ministry of Food Processing Industries Panchsheel Bhawan, August Kranti Marg, New Delhi-110049	35. To The Secretary, Ministry of Health & Family Welfare Nirman Bhawan, New Delhi-110011	36. To The Secretary, Department of Heavy Industry Block No. 14, CGO Complex, Lodhi Road, New Delhi-110003

37. To The Secretary, Department of Public Enterprises Block No.14, CGO Complex, Lodhi Road New Delhi- 110003	38. To The Secretary Department of Officials Language NDCC-II Bhawan, 'A' Wing, 3rd Floor, Jai Singh Road, New Delhi - 110001	39. To The Secretary, Department Inter State Council Secretariat/ Department of Border Management Vigyan Bhawan Annexe, Maulana Azad Road, New Delhi-110011
40. To The Secretary, Ministry of Housing & Urban Poverty Alleviation Nirman Bhawan, New Delhi-110011	41. To The Secretary Department of Higher Education C-Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001	42. To The Secretary Department of School Education and Literacy, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110001
43. To The Secretary Ministry of Information and Broadcasting, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi	44. To The Secretary Ministry of Labour & Employment Shram Shakti Bhawan, Rafi Marg, New Delhi	45. To The Secretary Department of Justice, Shastri Bhawan, New Delhi
46. To The Secretary Department of Legal Affairs, Shastri Bhawan, New Delhi-110001	47. To The Secretary Legislative Department Shastri Bhawan, New Delhi-110001	48. To The Secretary Ministry of Micro, Small & Medium Enterprises Udyog Bhawan, New Delhi-110011
49. To The Secretary Department of Chemicals and Fertilizers, Ministry of Chemicals and Fertilizers, Shastri Bhawan, New Delhi-110001	50. To The Secretary Ministry of Minority Affairs 11 th Floor, Paryavaran Bhawan CGO Complex, New Delhi-110003	51. To The Secretary, Ministry of New & Renewable Energy Block-14, CGO Complex, New Delhi-110021
52. To The Secretary, Ministry of Overseas Indian Affairs, Akbar Bhawan, Chanakapuri, New Delhi-110021	53. To The Secretary, Ministry of Panchayati Raj Krishi Bhawan, New Delhi-110001	54. To The Secretary, Ministry of Parliamentary Affairs, Room No. 8, Parliament House, Sansad Marg, New Delhi-110001
55. To The Secretary, Department of Personnel & Training, North Block, New Delhi-110001	56. To The Secretary, Department of AR&PG/ Department of Pension & Pensioners, 5 th Floor, Sardar Patel Bhawan, Sansad Marg, New Delhi-110001	57. To The Secretary, Ministry of Petroleum and Natural Gas Shastri Bhawan, New Delhi-110001
58. To, The Secretary Ministry of Mines Shastri Bhawan, New Delhi	59. To The Secretary Ministry of Road Transport & Highways Transport Bhawan, New Delhi-110001	60. To The Secretary Department of Rural Development Krishi Bhawan, New Delhi-110001
61. To The Secretary, Ministry of Biotechnology/Department of Scientific and Industrial Research, Block 2, CGO Complex, Lodhi Road, New Delhi-110003	62. To The Secretary Department of Science and Technology, Technology Bhawan, New Mehrauli Road, New Delhi-110016	63. To The Secretary, Ministry of Shipping Transport Bhawan, Sansad Marg, New Delhi- 110001
64. To The Secretary M/o Skill Development & Enterprises 2 nd Floor, Shivaji Stadium Annexe, Shaheed Bhagat Singh Marg, Near Connaught Place, New Delhi-110001	65. To The Secretary, Department of Empowerment of Persons with Disabilities, 5th Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110003	66. To The Secretary Department of Social Justice & Empowerment Shastri Bhawan New Delhi-110001
67. To The Secretary Department of Space 3 rd Floor, Lok Nayak Bhawan, New Delhi-110003	68. To The Secretary, Ministry of Statistics & Programme Implementation, Sardar Patel Bhawan, Sansad Marg, New Delhi-110001	69. To The Secretary Ministry of Steel, Udyog Bhawan New Delhi-110011
70. To The Secretary, Transport Bhawan New Delhi-110001	71. To The Secretary, Ministry of Tribal Affairs, Shastri Bhawan, New Delhi-110001	72. To The Secretary, Ministry of Urban Development Nirman Bhawan, New Delhi-110011
73. To The Secretary Ministry of Water Resources, River Development & Ganga Rejuvenation, Shram Shakti Bhawan, New Delhi-110001	74. To The Secretary, Ministry of Women & Child Development, Shastri Bhawan, New Delhi-110001	75. To The Secretary, Department of Sports Shastri Bhawan, New Delhi-110001
76. To The Secretary, Department of Youth Affairs, Shastri Bhawan, New Delhi-110001	77. To The Secretary, Ministry of Home Affairs, North Block, New Delhi-110001	78. To The Secretary, Department of Land Resources, Krishi Bhawan, New Delhi-110001

No. P-45021/2/2017-PP (BE-II)
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
(Public Procurement Section)

Udyog Bhawan, New Delhi
Dated: 29th May, 2019

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017 – Revision; regarding.

Department for Promotion of Industry and Internal Trade, in partial modification [Paras 3(a) and 14 modified and Para 10A added] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' with immediate effect:-

Whereas it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective, and

Whereas local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

Now therefore the following Order is issued :

1. This Order is issued pursuant to Rule 153 (iii) of the General Financial Rules 2017.
2. **Definitions:** For the purposes of this Order:

'Local content' means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

'Local supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of this order.

'L1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

'margin of purchase preference' means the maximum extent to which the price quoted by a local supplier may be above the L1 for the purpose of purchase preference.

'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.

.....Contd. p/2

'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.

'Works' means all works as per Rule 130 of GFR- 2017, and will also include *'turnkey works'*.

- 3. Requirement of Purchase Preference :** Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder

- a. In procurement of all goods, services or works in respect of which the estimated value of procurement is less than INR 50 Lakhs, only local suppliers shall be eligible to bid. However, in procurement of all goods, services or works, in respect of which the Nodal Ministry / Department has communicated that there is sufficient local capacity and local competition, only local suppliers shall be eligible to bid irrespective of purchase value.

Provided that for any particular item, the Nodal Ministry / Department may also prescribe an upper threshold limit, below which procurement shall be made only from local suppliers.

Further provided that in any particular case of procurement, if the procuring authority is of the view that the goods, services or works of required quality / specifications etc. may not be available in the country, or sufficient capacity or competition does not exist domestically, and it is necessary to undertake global competitive bidding, the procuring authority may allow the same after recording reasons. In such cases, the provisions of sub-paragraph b or c, as the case may be, shall apply;

- b. In the procurements of goods or works which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed;
- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bidder.
- c. In procurements of goods or works not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:-
- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract will be awarded to L1.

.....Contd. p/3

- ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such local supplier subject to matching the L1 price.
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price, then the contract may be awarded to the L1 bidder.
4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
5. **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
6. **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.
7. **Requirement for specification in advance:** The minimum local content, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.
8. **Government E-marketplace:** In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.
9. **Verification of local content:**
- a. The local supplier at the time of tender, bidding or solicitation shall be required to 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 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
 - c. Decisions on complaints relating to implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
 - d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.

.....Contd. p/4

- e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- f. False declarations 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.
- g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.
- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;
 - ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
 - iii. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations:

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of local suppliers who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.
- c. Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.
- d. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/ or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.

- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India.”

- 10A. Action for non-compliance of the Provisions of the Order:** In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.
- 11. Assessment of supply base by Nodal Ministries:** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.
- 12. Increase in minimum local content:** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.
- 13. Manufacture under license/ technology collaboration agreements with phased indigenization:** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.
- 14. Powers to grant exemption and to reduce minimum local content:** The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,
- a. reduce the minimum local content below the prescribed level; or
 - b. reduce the margin of purchase preference below 20%; or
 - c. exempt any particular item or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order.

A copy of every such order shall be provided to the Standing Committee and concerned Nodal Ministry / Department. The Nodal Ministry / Department concerned will continue to have the power to vary its notification on Minimum Local Content.

- 15. Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

16. **Standing Committee:** A standing committee is hereby constituted with the following membership:

Secretary, Department for Promotion of Industry and Internal Trade—Chairman
Secretary, Commerce—Member
Secretary, Ministry of Electronics and Information Technology—Member
Joint Secretary (Public Procurement), Department of Expenditure—Member
Joint Secretary (DPIIT)—Member-Convenor

The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee

- a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
- b. shall annually assess and periodically monitor compliance with this Order
- c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
- d. may require furnishing of details or returns regarding compliance with this Order and related matters
- e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
- f. may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
- g. may consider any other issue relating to this Order which may arise.

18. **Removal of difficulties:** Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.

19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.

20. **Transitional provision:** This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.



(Arun Mahendru Baraj)
Senior Development Officer
Tel: 2306 2635