**BHARAT HEAVY ELECTRICALS LIMITED**
**HEEP HARIDWAR INDIA-PIN 249403**
**FAX NO: 0091 1334 226462/223948**
**PHONE NO: 0091 1334 284144**

**Tender No.: F/F219/0/0828/K1** **Due Date: 03.10.2020**

**Sub: BHEL-HEEP/OPEN-TENDER (Steel Bars Grade X10CrMoVNb9-1)**

The Heavy Electricals Equipment Plant (HEEP) located in Haridwar, India is one of the major manufacturing plants of Bharat Heavy Electricals Ltd. The core business of HEEP includes design and manufacture of large steam turbines, turbo generators and so on.

For this procurement, the local content to categorize a supplier as a Class I local supplier/ Class II local supplier/ Non- Local supplier and purchase preference to Class I local supplier, is as defined in Public Procurement (Preference to Make in India), Order 2017 dated 04.06.2020 issued by DPIIT (Annexure- VII). In case of subsequent orders issued by the nodal ministry, changing the definition of local content for the items of the NIT, the same shall be applicable even if issued after issue of this NIT, but before opening of Part-II bids against this NIT.

**Only 'Class- I local supplier' and 'Class- II local supplier', as defined under the order 2017 dt. 04.06.2020 (Annexure- VII) shall be eligible to bid in this procurement and must submit self-certification for local content (Annexure- VIII).**

Sealed tenders with the Tender No. and opening date clearly super scribed on the cover are invited from the suppliers (registered as well as unregistered) for the supply of the following items: -

| Tender No. | Item Description | Mat. Code | Size (mm) | Qty. (Kg) |
|---|---|---|---|---|
| F/F219/0/0828/K1 | Steel Bars Grade X10CrMoVNb9-1<br>**Specification-** HW10662 Rev: 02<br>**Grade-** X10CRMOVNB9-1 | HW1060262029 | Dia- 150 | 1500 |

The tender documents & Specification of item can be downloaded from our web site www.bhel.com or www.bhelhwr.co.in. **Only those vendors who fulfill the Minimum Qualifying Requirements (as per Annexure-II) will be considered for further technical evaluation.**

**The last date for downloading tender documents shall be 02.10.2020 & opening of tender shall be 03.10.2020.** Tenders will be received up to 01.45 P.M. on **03.10.2020** and opened on the same day at 2.00 P.M. in the Tender Room**. Please note that tender received after due date & time (01.45 PM on 03.10.2020) will not be opened.** BHEL will not be responsible for any type of postal / courier delay.

**The total quantity may undergo change at the time of ordering.**
The details of each item with required delivery are given in **Annexure-I (Details of Items)**

Please submit your Techno-Commercial offer only for the above requirement subject to our terms and conditions.

The tender will be opened at 2 PM on the due date in the presence of authorized representative of the bidders who may like to be present. The authorized representative should bring authority letter from their parent company (Manufacturer) for attending the bid opening.

**KINDLY READ "INSTRUCTIONS TO BIDDERS." QUOTATION NOT IN ACCORDANCE WITH THE INSTRUCTIONS ARE LIABLE TO BE DISQUALIFIED AND IGNORED.**

# INSTRUCTIONS TO BIDDERS FOR OPEN TENDER

**DEFINITION**

**Registered Vendors -** Are those who are registered with BHEL (HEEP), Haridwar for procurement of Austenitic Alloy Steel Bar as per Spec. HW10662 Rev: 02.

**Un-registered Vendors -** Are those who are not registered with BHEL (HEEP), Haridwar for procurement of Austenitic Alloy Steel Bar as per Spec. HW10662 Rev: 02.

## Vendors must fill up Annexure– II in confirmation to Pre- Qualification Requirements and quality requirements.

ESSENTIAL INSTRUCTIONS

1. **BHEL team may visit the vendor (s) works for verification of capability and capacity claimed in tender documents/offer (s).**
2. The tenders shall be submitted in two parts
   i. Part I - Techno -Commercial Bid & Pre-Qualification Requirement,
   ii. Part II - Price Bid
3. **The Quotation should be from the Principal / Original Manufacturer, failing which the quotation is likely to be ignored. In Case the quotation is submitted through agent, the quotation must accompany original authorization letter and following to be followed-**
   **a.** Either the agent could bid on behalf of the manufacturer/ supplier or the manufacturer/ supplier could bid directly but not both.
   **b.** In case bids are received from both the manufacturer/ supplier and the agent, bid received from the agent shall be ignored.
   **c.** The agent shall not be allowed to represent more than one manufacturer/ supplier in the same tender.

   The authorization letter from the manufacturer, clearly indicating contact details like Name, E-mail & address of manufacturer and relationship with agent and its validity to be submitted with bid. The authorization letter should be tender specific. In case order is to be placed and executed by the agent, the following aspects are to be ensured-
   **a.** The manufacturer should meet the PQR requirements as defined in the tender.
   **b.** In order to establish capability of agent to execute the order, the agent should have annual turnover of at least equal to the estimated value of the goods required under the subject tender during one Financial Year and Net worth of the bidder (agent) should be positive.
   **c.** Manufacturer and bidder should jointly confirm Guarantee for the Quality of product and timely delivery as stipulated in NIT.
4. Documents submitted with the offer/bid by the bidder shall be signed and stamped in each page by authorized representative of the bidder. In case the bid is submitted by FAX, the bidder shall simultaneously ensure submission of signed and stamped (in each page) original bid to BHEL. If the documents are received in soft form, the same should be transmitted through vendor's authorized e-mail followed by the signed and stamped copy of the same documents. Documents not signed and stamped in each page by the authorized signatory of the bidder, shall not be accepted and considered for evaluation of the bid.
5. Any corrections / amendments shall be properly & fully authenticated with signature. No overwriting is acceptable.
6. Part-I containing Techno-Commercial bid & Pre-Qualification Requirement will be opened on the date and time specified in the tender notice in the presence of those vendors who wish to attend.
7. Part-II (Price Bids) along with supplementary price bids, if necessary, will be opened at a later date of only those bidders whose techno-commercial bid has been found acceptable.
8. Suitability of delivery shall be the important criteria for evaluation of techno commercial bid.
9. Currency exchange rate will be applicable on the date of opening of Part-I (Techno-commercial Bid) for evaluation purpose.
10. **Evaluation of Bid: - The bid shall be evaluated**
    **a. Cost to BHEL basis. (Basic Cost + Insurance + Inspection + Transportation + Duty + Taxes)**
    **b. The loading, if any, on account of LD penalty, payment terms or any other cost determined at later stage, which shall be communicated to the vendor.**
11. Tenders when finalized shall be in the name of the bidder only and change of name during tender evaluation (without certificate from registrar of company) and after submission of the tender is liable to make the offer ineligible for participation.
12. All test certificates / Guarantee certificates to be submitted in TRIPLICATE along with dispatch documents.
13. BHEL reserves the right to open the price bid (part-II) along with the opening of techno-commercial offer at its option and in that case vendor will be informed accordingly.

14. **BHEL reserves the right to go for reverse auction. Vendors are requested to give their best price. In case of failure of reverse auction the paper bid shall be processed. 'Guidelines for Reverse Auction are available at following link [http://www.bhel.com/vender_registration/vender.php](http://www.bhel.com/vender_registration/vender.php)**
15. Total weight--/Gross/Net in Kg & also package size essentially should be indicated if not exact then approximate.
16. BHEL will evaluate the technical bids against essential criteria/requirements. BHEL may seek clarifications, if required, from the qualified bidders only. These clarifications will be communicated to the eligible vendors. **The offers of those bidders, who are unable to respond in specified time frame, are likely to be ignored.**

**Note: Please visit our site www.bhelhwr.co.in for General Instructions and Standard Terms & Conditions (GISTC) for Tender Enquiries. All the bidders / vendors must ensure compliance of latest GISTC.**

**GISTC are available in following link**

**https://www.bhelhwr.co.in/bhelweb/Gistc.jsp**

**IN CASE YOU ARE NOT MAKING AN OFFER AGAINST THIS ENQUIRY, THEN PLEASE ARRANGE TO SEND A LETTER OF REGRET.**

# DETAILS OF COMPOSITION OF PART-I (TECHNO-COMMERCIAL BID) & PART-II (PRICE BID)

**PART-I (TECHNO-COMMERCIAL BID) shall comprise of following documents:**

a. Confirmation to Minimum Qualification Requirement and Quality Requirement as per Annexure-II.
b. Complete technical offer as per specification, drawings, technical requirement along with un-priced bid.
c. Delivery schedule.
d. Validity of offer for 90 days to be indicated.
**e. Deviation with reference to specification/drawing, if any, should be clearly indicated on a separate sheet.**
f. Details of activity outsourced.
g. Endorsed Quality Plan (Quality Plan placed at Annexure- IV).

**PART –II (Price Bid)**

a. Price bid with prices to be submitted as part-II of the tender.
b. Prices should remain firm till the execution of the order.
c. **Prices may be quoted on FOR- Destination- Store-HEEP-BHEL basis. In case BHEL accepts the EX-Works prices such offers will be loaded by 1.5% of EX-Works value towards freight or with actual freight charges as per BHEL freight rate contract whichever is higher.**

   Insurance – Inland insurance shall be taken care by BHEL.
d. **Prices are to be written in both Figures & Words. In case of any difference between the two, the figure written in words shall be considered for evaluation. No over writing in this is acceptable.**
e. Penalty for Late Deliveries shall be applicable @0.5% per week or part thereof on the value of respective delayed supplies subject to a maximum of 10% of the value of respective delayed supplies. In case of any variation in LD penalty, your prices shall be loaded to the extent LD penalty not accepted by you.

## MARKING OF ENVELOPE:

- Each envelope is to be super scribed as "TENDER FOR (ITEM NAME) AGAINST TENDER NO. **F/F219/0/0828/K1** DUE ON **03.10.2020.**
- Those vendors who are quoting for more than one tender must submit a statement in the envelops of all those tenders giving details of all the tenders being quoted.
- Techno-Commercial & Pre-Qualification Requirement document- Part-I to be kept in envelop – **Envelop-A** & to be marked as Techno-Commercial Offer.
- Price Bid – Part-II to be kept in another envelop – **Envelop-B** & to be marked as Price Bid.
- Envelop-A & Envelop-B are to be kept in one envelop super scribed as above

## Parallel system for tender submission to cope lockdown/ COVID- 19 situation-

**1.** All vendors submitting their bids through e-mail may be advised to have following clear subject line-

(i) Tender Enquiry Reference No.__________________________

(ii) Bid Opening Date (Part 1, Techno-Commercial).____________________

Vendor to submit their bids as attachment (pdf format) with password protection and share the password through mail (tendercell.heep@bhel.in) after 1:45 PM (IST) on the day of bid opening, however if no password is received up to 4:00 PM (IST) bids will not be opened and will be ignored. Submission of bids through email shall be considered as consent to open the bid without physically witnessing the event.

# ANNEXURE-I

## Item Details and Delivery Schedule

| Tender No. | Item Description | Mat. Code | Size (mm) | Qty. (Kg) | Delivery |
|---|---|---|---|---|---|
| F/F219/0/0828/K1 | Steel Bars Grade X10CrMoVNb9-1<br>**Specification-** HW10662 Rev: 02<br>**Grade-** X10CRMOVNB9-1 | HW1060262029 | Dia- 150 | 1500 | 15/12/2020 |

**Remarks-**

1. Quantity tolerance ±10% acceptable.
2. Bids will be evaluated on item wise basis.
3. Risk purchase clause shall be applicable. If you do not confirm this in your offer, then it shall be presumed to be acceptable and no further confirmation will be taken after opening of techno-commercial bid part- 1.
4. After placement of order vendor should submit their invoices against goods and services immediately after supply of goods & services but not later than 30 days from the invoice date. In case of any delay, consequential losses like loss of input credit and non-availability of concessional forms etc., shall be to the vendor account.
5. Penalty for Late Deliveries shall be applicable @0.5% per week or part thereof on the value of respective delayed supplies subject to a maximum of 10% of the value of respective delayed supplies.
6. For this procurement, the local content to categorize a supplier as a Class I local supplier/ Class II local supplier/ Non- Local supplier and purchase preference to Class I local supplier, is as defined in Public Procurement (Preference to Make in India), Order 2017 dated 04.06.2020 issued by DPIIT (Annexure-VII).
   In case of subsequent orders issued by the nodal ministry, changing the definition of local content for the items of the NIT, the same shall be applicable even if issued after issue of this NIT, but before opening of Part-II bids against this NIT.
7. NOTE: THE QUANTITY INDICATED ABOVE CAN BE INCREASED/ DECREASED.

# ANNEXURE-II

## Pre- Qualification Requirements

- **Technical Requirements-**

<table>
<tr><th>Sl. No.</th><th>Technical Requirement</th><th>Vendor’s confirmation (Y/N)</th></tr>
<tr><td>01.</td><td>Minimum experience requirement:<br>Vendor must have experience of manufacturing and supplying forged/rolled bars of material grade X10CrMoVNb9-1 (material no. 1.4903). Material supplied in hardened and tempered condition only will be considered for experience.<br>Vendor must meet any one of the following experience criteria in grade X10CrMoVNb9-1 during last 7 years as on date of enquiry:<br>a) Successfully executed at least three orders<br>Or<br>b) Supplied minimum 05 Tons<br>Or<br>c) Executed at least one order and having Creep Rupture data for minimum 1000hrs. Creep Rupture data/ Creep test results has to be submitted with offer.<br>In support of above vendor to submit experience details as applicable as per format below:
<table>
<tr><th>Sl. No.</th><th>Name of customer</th><th>Purchase order No</th><th>Size</th><th>Date of supply</th><th>Quantity</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>
Documentary evidence (like un-priced purchase order copy, test certificate covering chemical & mechanical properties, heat treatment details, dimensions, Creep data etc.) in support of experience to be submitted for material grade X10CrMoVNb9-1.</td><td></td></tr>
<tr><td>2.</td><td>Manufacturing and Testing Facilities:<br>a) Vendor must have in-house manufacturing facilities like steel melting, rolling / forging and heat treatment facility to manufacture round bars of enquiry specification HW10662. Details of in house facilities for rolling / forging and heat treatment are to be submitted.<br>b) Vendor to furnish details of in house steel melting and refining facilities to manufacture raw material for further rolling / forging for round bars as per enquiry specification.<br>c) Details of in house testing facilities as per the requirement of enquiry specification to be submitted with offer. In case of outsourcing of any test, vendor to confirm to carry out testing at Government accredited labs only.</td><td></td></tr>
<tr><td>03</td><td>Vendor to submit process qualification test results as per Clause 11.0 (hot tensile test and microstructure examination as per Clause 11.2.1 and 11.2.3), if available.<br>If process qualification test results not available, vendor to carry out process qualification tests (hot tensile test and microstructure examination as per Clause 11.2.1 and 11.2.3) and satisfy the requirement of specification. Vendor to submit process qualification test results with offer.<br>Process qualification test results must be witnessed by Customer/Third Party Inspection agency.</td><td></td></tr>
<tr><td>04</td><td>Vendor to confirm that they will meet all the requirements of BHEL specification HW10662, Rev 02 and all cross referred standards.</td><td></td></tr>
<tr><td colspan="3">Note-<br>1. This is applicable for both registered as well as un-registered vendors.</td></tr>
</table>

- **Quality Requirements-**

<table>
<tr><th>Sl. No.</th><th>Quality Requirement</th><th>Vendor’s confirmation (Y/N)</th></tr>
<tr><td>01</td><td>Vendor to endorse and confirm BHEL Quality Plan (QP No. QA/CF/QP/332 Rev 03 Annexure- IV)</td><td></td></tr>
<tr><td>02</td><td>Inspection by Third Party Inspection Agency (LRS/TUV/BV) for import and BHEL nominated agency ‘TUV’ as per BHEL approved quality plan (QP no. QA/CF/QP/332, Rev: 03, Annexure-IV).</td><td></td></tr>
<tr><td colspan="2">Note- This is applicable for both registered as well as un-registered vendors.</td><td></td></tr>
</table>

**Signature with stamp**
**Name:**
**Name of Firm:**
**Designation:**
**Date:**

# ANNEXURE-III

**(Specification)**

# STEEL BARS GRADE X10CrMoVNb9-1

## 1.0 GENERAL:

This specification governs the quality of steel bars of grade X10CrMoVNb9-1, EN10222- 2, material No. 1.4903.

## 2.0 APPLICATION:

The bars shall be used for turbine components.

## 3.0 CONDITION OF DELIVERY:

Rolled/Forged and quenched and tempered condition.

## 4.0 DIMENSION AND TOLERANCES:

The dimensions shall be as per purchase order.

The tolerance on the forged / rolled bars shall be as per IS: 3739, Grade 2 / EN10060. Negative tolerance is not acceptable.

## 5.0 MANUFACTURE:

### 5.1 GENERAL:

The steel is to be produced by an electric process or one of the basic oxygen processes. The steel must be fully killed.

Cast ingot is to be used as starting material for the production of the bars.

The bars can either be rolled or forged provided that the requested mechanical properties are fulfilled.

### 5.2 HEAT-TREATMENT:

Bars shall be heat treated as per EN10222-2 Table 1.

Hardening: 1040 - 1090°C/quenching in air, oil or polymer *

Tempering: 730 - 780°C/air, furnace or liquid.

*When polymer is used the cooling rate must be comparable to cooling with oil.

If bars need to be straightened after the heat treatment, a stress relieving treatment shall be performed after completion of the entire straightening process. Stress relieving is to be carried out at 20-50°C below the tempering temperature with a subsequent slow cooling rate.



| | | | | नाम NAME | दिनांक एवं हस्ताक्षर SIGNATURE & DATE |
|---|---|---|---|---|---|
| TSX | D. CANGUAR | 21/11/18 | | | |
| PSC | G.KRISHNAN | 17/11/18 | अनुवादक TRANSLATED BY | | |
| QAX | U. K. PANDA | | निर्माणकर्ता WORKED BY | SUBODH RANA | 17.11.18 |
| STE | P. K. BANSAL | 20/11/18 | जांचकर्ता CHECKED BY | ASHISH RANJAN | 17.11.18 |
| सहमत विभाग AGREED DEPTT. | नाम NAME | दिनांक एवं हस्ताक्षर DATE & SIGNATURE | पर्यवेक्षणकर्ता SUPERVISED BY | GOPAL KRISHNAN | 17/11/18 |

| | | | | |
|---|---|---|---|---|
| स्वीकृति APPROVED : | संस्थान मानकीकरण समिति PLANT STANDARDIZATION COMMITTEE | | | Gr. NO. 2.60 |
| REV.NO. 02 | SUPERSEDES | निर्माण PREPARED : MTE | जारी ISSUED : TSX | दिनांक DATE : 27.12.2010 |
| Dt. 21.11.2018 | | | | |
| CHANGE ADVICE NO. TSX(MTE)-18-126 | | | | |

## 6.0 PROPERTIES AND TESTS:

### 6.1 CHEMICAL COMPOSITION:

Heat analysis is weight % in accordance with EN10222-2 except for the Al-content.

| C | Si | Mn | P | S | Cr | Mo |
|---|---|---|---|---|---|---|
| 0.08 – 0.12 | ≤ 0.50 | 0.30 – 0.60 | ≤ 0.025 | ≤ 0.015 | 8.00 – 9.50 | 0.85 – 1.05 |

| Ni | Nb | V | N | Al |
|---|---|---|---|---|
| ≤ 0.40 | 0.06 – 0.10 | 0.18 – 0.25 | 0.030 – 0.070 | ≤ 0.020 |

### 6.2 MECHANICAL PROPERTIES:

A hardness test shall be performed to verify the uniformity of the strength within a delivery lot (per melt and heat treatment batch). The test amount shall be 10% of the bars with a minimum of 10 bars. When the lot contains less than 10 bars, all bars shall be tested. The mechanical properties shall be tested in accordance with ISO 6982 -1 and ISO 148 -1 on both the softest and hardest bars.

The specimens are to be taken in a longitudinal direction (L) in accordance with EN10083-1. For bars with diameter (d) or side lengths (a,b) > 100mm, the specimens shall be taken at a distance d/3 or a/3 and b/3 from the respective surfaces. Transverse specimens (T) are also allowed in placed of longitudinal specimens.

Impact energy test shall be performed on bars having side length ≥ 12mm or diameter ≥16mm respectively.

The following Mechanical properties shall be achieved at room temperature

| Diameter (d)/ Side length (a[1]) (mm) | 0.2% Proof Strength ($N/mm^2$) | Tensile Strength ($N/mm^2$) | Elongation after fracture | | Impact Energy J | | Hardness |
|---|---|---|---|---|---|---|---|
| | | | L | T | L | T | HB30 |
| d ≤ 225<br>a ≤ 180 | ≥ 450 | 620 - 850 | ≥ 20 | ≥ 18 | ≥ 68[2)] | ≥ 68[2)] | 195 - 265 |
| 225 < d ≤ 600<br>180 < a ≤ 400 | ≥ 430 | 600 - 830 | ≥ 20 | ≥ 18 | ≥ 68[2)] | ≥ 68[2)] | 195 - 265 |

[1)] The values of the smallest side length (a) shall be reached.

[2)] Average from 3 Charpy V-notch specimen longitudinal or transverse minimum value = 48J

### 6.3 OUTER AND INNER QUALITY / NON DESTRUCTIVE TESTING:

#### 6.3.1 SURFACE CONDITION:

Cracks, other material separation or more severe linear inclusions lines are not acceptable.

#### 6.3.2 SCOPE OF INSPECTION:

Following NDE shall be performed in delivery condition:

- Material verification inspection of all bars
- 100% U.T of all bars with diameter/thickness d, a ≥ 30 mm according to EN10308 type 1a - 1c (Table 1)

**6.3.3 CRITERIA FOR REGISTRATION AND DECISION:**

The acceptance norms for UT inspection shall be as per quality classes with EN10308 (Table 2) applied depending on the diameter (d) or side length (a, b):

- d or (a, b) ≤ 200 mm: Quality Class 4
- d or (a, b) > 200mm: Quality Class 3

The decision limit for loss of back of echo is 3 dB for all bar dimensions. Any linear or planar indication larger than 10mm in any direction is not acceptable.

This quality requirement applies also for bars having diameter d <30mm, although it is not necessary to prove by testing.

**7.0 Test Certificates:**

The supplier shall supply four copies of test certificates as per EN 10204, certificate 3.1, unless otherwise stated on the order. The test certificates shall bear the following:

**BHEL References:**

- Specification no., Purchase orders no.
- Suppliers references: Name, emblem, material designation, melt no, Heat-treatment batch no.

**Results of Testing:**

- Melting process, melt analysis,
- Details of Heat-treatment performed,
- Mechanical properties, including hardness test results, all individual values shall be reported
- U.T result
- Result of verification test

**8.0 Deviations:**

Any deviation from this delivery specification has to be reported to BHEL for review. Any deviation is accepted only if this has been approved by BHEL is written form.

**9.0 Clearance for Delivery:**

The total results of the tests carried out are the deciding factor for clearance for delivery. Vendor will be responsible for any deviation observed with respect to ordering specification during further manufacturing at BHEL.

**10.0 Packing and Marking:**

Bars shall be suitably packed to prevent corrosion and damage during transit.

Marking of the materials shall be such that heat number, steel grade/specification, diameter and manufacturer name/identification are legible.

**11.0 Process Qualification:**

**11.1 General**

Product and process qualification procedures are required for first order. The product and process qualification is required for each of the manufacturer's fabrication facility.

Depending on the complexity of the product and / or process and experience from the first orders, requirement of additional process qualification in subsequent orders may be requested by BHEL.

Prior to the start of manufacture, the manufacturer has to submit a manufacturing and testing plan to BHEL in which the quality assured process workflow, i.e. the sequence of process activities (manufacturing, testing and inspection steps) are specified in chronological order.

BHEL must be informed for any change in manufacturing and testing processes. Depending on the type and scope and thus the significance of any given change, BHEL will decide whether it is necessary to requalify the product and/or process.

Subcontracting of process steps to sub suppliers is only acceptable after written approval from BHEL.

**11.2** The following additional tests (in addition to tests specified at clause 6.0) have to be performed during qualification:

**11.2.1 <u>Tensile tests at elevated temperature</u>**

In accordance with ISO 6892-2, a tensile test in longitudinal direction has to be performed at 600°C. Following properties must be achieved:

| | |
|---|---|
| 0.2% Proof Stress | ≥ 215MPa |
| Tensile Strength | ≥ 255 MPa, |
| Elongation (A5) | ≥ 22% |
| Reduction in area | ≥ 66% |

**11.2.2 Creep Rupture Tests:**

Creep rupture tests have to be performed at 600 °C. The creep rupture strength required by BHEL for 10,000 hours has to be verified with agreed test parameters. The number of tests as well as test parameters has to be agreed by BHEL.

**11.2.3 Microstructure Examination**

The homogeneity of the microstructure has to be checked and documented by microsection. The microstructure must be uniform and free from porosity, excessive segregation and other inhomogeneities.

Delta ferrite content ≥ 5% is not acceptable. The inclusion content has to be determined in accordance with ASTM E 45.

The grain size must be measured after all heat treatments have been performed in accordance with ASTM E 112 or ISO 643. Grain size 4 or finer must be achieved. A deviation from the average grain size of more than 2 grain sizes is not permissible.

**12.0 Cross Referred Standards:**

EN10222-2, IS: 3739-2, EN10060, EN10083-1, ISO 6892-1, ISO 148-1, ISO 6282-2 EN10308, EN10204, ASTM E45, ASTM E112, ISO 643

# ANNEXURE-IV

**(Quality Plan)**

| MANUFACTURER'S NAME AND ADDRESS | | QUALITY PLAN | | | | TO BE FILLED BY BHEL | TO BE FILLED BY BHEL |
|---|---|---|---|---|---|---|---|
| BHEL | VENDOR'S NAME | ITEM | STEEL BARS | QP NO. | QA/CF/QP/332 | | |
| | | | | REV | 03 | | |
| | | SPEC NO | HW10662 (X10CrMoVNb9-1) | | | | |
| | | SIZE | AS PER PO | | | | |
| | | | | | Page 1 of 1 | | |

| SL. NO. | COMPONENT & OPERATIONS | CHARACTERISTICS | CLASS | TYPE OF CHECK | QUANTUM OF CHECK | REFERENCE DOCUMENT | ACCEPTANCE NORMS | FORMAT OF RECORDS | D | AGENCY M | AGENCY B | AGENCY N | REMARKS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | D | 10 | | | 11 |
| 1 | MELTING IN EAF | CHEMICAL COMPOSITION | MAJOR | SPECTRO ANALYSIS | EACH HEAT | HW10662 | HW10662 | TC | √ | P | V | - | |
| 2 | REFINING | CHEMICAL COMPOSITION | MAJOR | SPECTRO ANALYSIS | EACH HEAT | HW10662 | HW10662 | TC | √ | P | V | - | |
| 3 | HOT FORGING / ROLLING | | | | | AS PER VENDOR'S PRACTICE | | IR | | 2 | - | - | |
| 4 | HEAT TREATMENT | TIME & TEMPERATURE | MAJOR | HT GRAPH | 100% | HW10662 | HW10662 | TC | √ | P | V | - | |
| 5 | STRAIGHTENING & STRESS RELIEVING | STRAIGHTNESS, TIME & TEMPERATURE | MAJOR | STARIGHTNESS , HT GRAPH | 100% | HW10662 | HW10662 | TC | √ | P | V | - | TO BE PERFORMED IF REQUIRED |
| 6 | HARDNESS TEST | HARDNESS | MAJOR | HARDNESS | AS PER SPEC | HW10662 | HW10662 | TC | √ | P | W | - | |
| 7 | PRODUCT AND PROCESS QUALIFICATION FOR FIRST ORDER AND (OR) FOR EACH OF THE MNAUFACTURER'S FABRICATION FACILITY AS PER CLAUSE NO 11 OF HW10662 | | | | | | | | | | | | |
| 7.1 | MECHANICAL TESTING | TENSILE TEST AT ELEVATED TEMPERATURE (LONGITUDINAL) | MAJOR | MECHANICAL TEST | 1 SAMPLE PER PURCHASE ORDER (PREFERABLY ON THE LARGEST SIZE) | HW10662 | HW10662 | TC | √ | P | W | - | |
| 7.2 | CREEP RUPTURE TEST | CREEP | MAJOR | CREEP | 1 SAMPLE PER PO | HW10662 | HW10662 | TC | √ | P | W | - | |
| 7.3 | METALLOGRAPHIC TESTING | MICROSTRUCTURE DELTA FERRITE INCLUSION CONTENT GRAIN SIZE | MAJOR | METALLOGRAPHIC | ONE/HEAT/ HT BATCH | HW10662 | HW10662 | TC | √ | P | W | - | |

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| | | | | |
|---|---|---|---|---|
| | | LEGEND:<br>! RECORDS IDENTIFIED WITH 'TICK' UNDER COULMN "D" SHALL BE ESSENTIALLY INCLUDED BY CONTRACTOR IN QA DOCUMENTATION.<br>M: MANUFACTURER / SUBCONTRACTOR B: BHEL / NOM. INSPECTION AGENCY N: CUSTOMER<br>INDICATE 'P' PERFORM 'W' WITNESS AND 'V' VERIFICATION | FOR CUSTOMER USE | |
| MANUFACTURER/SUBCONTRACTOR | | ALL 'W' INDICATED IN COLUMN 'N' SHALL BE 'CHP' OF CUSTOMER | | APPROVED BY |

| MANUFACTURER'S NAME AND ADDRESS | | | QUALITY PLAN | | | | TO BE FILLED BY BHEL | TO BE FILLED BY BHEL |
|---|---|---|---|---|---|---|---|---|
| BHEL | VENDOR'S NAME | ITEM | STEEL BARS | | QP NO. | QA/CF/QP/332 | | |
| | | | | | REV | 03 | | |
| | | SPEC NO | HW10662 (X10CrMoVNb9-1) | | | | | |
| | | SIZE | AS PER PO | | | | | |
| | | | | | Page 2 of 1 | | | |

| SL. NO. | COMPONENT & OPERATIONS | CHARACTERISTICS | CLASS | TYPE OF CHECK | QUANTUM OF CHECK | REFERENCE DOCUMENT | ACCEPTANCE NORMS | FORMAT OF RECORDS | | AGENCY | | | REMARKS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | M | B | N | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | D | 10 | | | 11 |
| 8 | MECHANICAL TESTING | TENSILE & IMPACT (LONGITUDINAL) | MAJOR | MECHANICAL TEST | ON BARS WITH MAX. & MIN HARDNESS PER HEAT PER HT BATCH | HW10662 | HW10662 | TC | √ | P | W | - | |
| 9 | NDT | INTERNAL DEFECTS | MAJOR | UT | 100% | HW10662 | HW10662 | TC | √ | P | W * | - | *10% |
| 10 | VERIFICATION INSPECTION | SPECTRO PMI | MAJOR | CHEMICAL | 1 SAMPLE 100% | HW10662 | HW10662 | TC | √ | P | W * | - | *10% PMI |
| 10 | VISUAL & DIMENSIONAL CHECK | VISUAL & DIMENSION | MAJOR | VISUAL & MEASURE | 10% | HW10662 & PURCHASE ORDER | HW10662 & PURCHASE ORDER | TC | √ | P | W * | - | *10% |
| 11 | IDENTIFICATION MARKING & PAINTING PACKING | MARKING<br>COLOUR CODE | MAJOR | VISUAL | 100% | HW10662 | HW10662 | TC | √ | P | V | - | |

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| | | LEGEND:<br>! RECORDS IDENTIFIED WITH 'TICK' UNDER COULMN "D" SHALL BE ESSENTIALLY INCLUDED BY CONTRACTOR IN QA DOCUMENTATION.<br>M: MANUFACTURER / SUBCONTRACTOR B: BHEL / NOM. INSPECTION AGENCY N: CUSTOMER<br>INDICATE 'P' PERFORM 'W' WITNESS AND 'V' VERIFICATION | FOR CUSTOMER USE | |
| MANUFACTURER/SUBCONTRACTOR | | ALL 'W' INDICATED IN COLUMN 'N' SHALL BE 'CHP' OF CUSTOMER | | APPROVED BY |

# ANNEXURE-V

**(Risk Purchase Clause)**

## Risk Purchase Clause

In case of abnormal delays (beyond the maximum late delivery period as per Penalty clause) in supplies / defective supplies or non-fulfilment of any other terms and conditions given in Purchase Order, BHEL may cancel the Purchase Order in full or part thereof, and may also make the purchase of such material from elsewhere / alternative source at the risk and cost of the supplier. BHEL will take all reasonable steps to get the material from alternate source at optimum cost. If bidder does not agree to the above Risk Purchase Clause, BHEL reserves the right to reject the offer. In case for compelling reasons BHEL accepts the offer without acceptance of this clause by the bidder and in the eventuality of Risk Purchase, appropriate action will be taken as per BHEL extant rules. This will be without prejudice to any other right of BHEL under the contract.

Risk & Cost Clause, in line with Conditions of Contract may be invoked in any of the following cases:

1. Contractor/ supplier's poor progress of the work vis-à-vis execution timeline as stipulated in the Contract, backlog attributable to contractor/ supplier including unexecuted portion of work/ supply does not appear to be executable within balance available period (**#**) considering its performance of execution.
2. Withdrawal from or abandonment of the work by contractor before completion of the work as per contract.
3. Non completion of work/ Non-supply by the Contractor/ supplier within scheduled completion/delivery period as per Contract or as extended from time to time, for the reason attributable to the contractor/ supplier.
4. Termination of Contract on account of any other reason (s) attributable to Contractor/ Supplier.
5. Assignment, transfer, subletting of Contract without BHEL's written permission resulting in termination of Contract or part thereof by BHEL.
6. Non-compliance to any contractual condition or any other default attributable to Contractor/ Supplier.

***#In-case inputs from BHEL/Customer are likely to be delayed or are actually delayed, this delay may also be taken into account while considering balance period available for execution of Contract.***

### Risk and Cost against Balance Work:

Risk & Cost Amount= **[(A-B) + (A x H/100)]**

Where,
**A**= Value of Balance scope of Work/ Supply (*) as per rates of new contract
**B**= Value of Balance scope of Work/ Supply (*) as per rates of old contract being paid to the contractor/ supplier at the time of termination of contract i.e. inclusive of PVC & ORC, if any.
**H** = Overhead Factor to be taken as 5
In case (A-B) is less than 0 (zero), value of (A-B) shall be taken as 0 (zero).

***(Balance scope of work/ supply)**

Difference of Contract Quantities and Executed Quantities as on the date of issue of Letter for 'Termination of Contract', shall be taken as balance scope of Work/ Supply for calculating risk & cost amount.

Contract quantities are the quantities as per original contract. If, Contract has been amended, quantities as per amended Contract shall be considered as Contract Quantities.

Items for which total quantities to be executed have exceeded the Contract Quantities based on drawings issued to contractor from time to time till issue of Termination letter, then for these items total Quantities as per issued drawings would be deemed to be contract quantities.

Substitute/ extra items whose rates have already been approved would form part of contract quantities for this purpose. Substitute/ extra items which have been executed but rates have not been approved, would also form part of contract quantities for this purpose and rates of such items shall be determined in line with contractual provisions.

However, increase in quantities on account of additional scope in new tender shall not be considered for this purpose.

**NOTE**: **In case portion of work is being withdrawn, contract quantities pertaining to portion of work withdrawn shall be considered as 'Balance scope of work/supply' for calculating Risk & Cost amount.**

**LD against delay in executed work/supply in case of Termination of Contract**

LD against delay in executed work/supply shall be calculated in line with LD clause of the contract for the delay attributable to contractor/ supplier. For this purpose, contract value shall be taken as Executed Value of work/supply for the purpose of limiting maximum LD value.

Method for calculation of "LD against delay in executed work/supply" is given below.

i. Let the time period from scheduled date of start of work till termination of contract excluding the period of Hold (if any) not attributable to contractor/ supplier= T1
ii. Let the value of executed work/supply till the time of termination of contract= X
iii. Let the Total Executable Value of work/supply for which inputs/fronts were made available to contractor/ supplier and were planned for execution till termination of contract = Y
iv. Delay in executed work/supply attributable to contractor/supplier i.e.
$$T2 = \left(1-\frac{X}{Y}\right) \times T1$$
v. LD shall be calculated in line with LD clause of the Contract for the delay attributable to contractor/ supplier taking "X" as Contract Value and "T2" as delay attributable to contractor/ supplier.

**Note: In case portion of work/supply is withdrawn, no LD shall be applicable for portion of work/supply withdrawn.**

# ANNEXURE- VI

## Certificate by Chartered Accountant on letter head

This is to Certify that M/s ………………………………………………………………………,
(hereinafter referred to as 'company') having its registered office at ……………………………………is registered under MSMED Act 2006, (Entrepreneur Memorandum No (Part- II) …………………………………………………..dtd:……….,
Category:……………………………….(Micro/Small).(copy enclosed).

Further verified form the Books of Accounts that the investment of the company as on date …………………………..as per MSMED Act 2006 is as follows:

1. **For Manufacturing Enterprises**: Investment in plant and machinery (i.e. original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O.1722(E) dated October 5, 2006:
   Rs………………………..Lacs
2. **For Service Enterprises**: Investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED act, 2006:
   Rs……………………Lacs

**(Strike off whichever is not applicable)**

The above investment of Rs ………………….Lacs is within permissible limit of Rs……………………. Lacs for …………………………..micro / small (Strike off which is not applicable) Category under MSMED Act 2006.

Or

The company has been graduated from its original category (Micro / Small) (**Strike off whichever is not applicable)** and the date of graduation of such enterprises from its original category is …………………. (dd/mm/yyyy) which is within the period of 3 years from the date of graduation of such enterprises from its original category as notified vide S.O. No. 3322(E) dated 01.11.2013 published in the gazette notification dated 04.11.2013 by Ministry of MSME.

Date:

(Signature)
Name-
Membership Number-
Seal of Chartered Accountant

# ANNEXURE-VII
## (Order 2017 dated 04.06.2020)

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: 04th June, 2020

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 2, 3, 5, 9(a), 9(b) and 10(b) modified and Para 3A 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 and Order No.P-45021/2/2017-B.E.-II dated 29.05.2019, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017" dated 04.06.2020 effective 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.

   *'Class-I local supplier'* means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50%, as defined under this Order.

   *'Class-II local supplier'* means a supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%, as defined under this Order.

.....Contd. p/2

*'Non - Local supplier'* means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than or equal to 20%, as defined under 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 "Class-I 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.

*'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. Eligibility of 'Class-I local supplier'/ 'Class-II local supplier'/ 'Non-local suppliers' for different types of procurement**

(a) 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 'Class-I local supplier', as defined under the Order, shall be eligible to bid irrespective of purchase value.

(b) In procurement of all goods, services or works, not covered by sub-para 3(a) above, and with estimated value of purchases less than Rs. 200 Crore, in accordance with Rule 161(iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure. Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'.

(c) For the purpose of this Order, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

**3A. Purchase Preference**

(a) 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 'Class-I local supplier' in procurements undertaken by procuring entities in the manner specified here under.

.....Contd. p/3

(b) In the procurements of goods or works, which are covered by para 3(b) above and which are divisible in nature, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.

ii. If L1 bid is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price for the remaining 50% quantity subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the L1 price. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I 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 Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.

(c) In the procurements of goods or works, which are covered by para 3(b) above and which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.

ii. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.

iii. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I 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 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

(d) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by procuring entities.

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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 local content requirement to categorize a supplier as 'Class-I local supplier'/ 'Class-II local supplier'/ 'Non-local supplier' shall be as defined in the Para "2" of the Order. No change is permissible on this account. However, if any nodal Ministry/ Department finds that for any particular item, pertaining to their nodal ministry/department, the definition of Local Content, as defined in the Order, is not workable/ has limitations, it may notify alternate suitable mechanism for calculation of local content for that particular item.

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 'Class-I local supplier'/ 'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local supplier'/ 'Class-II local supplier', as the case may be. They shall also 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 'Class-I local supplier'/ 'Class-II 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.

.....Contd. p/5

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.

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 'Class-I local supplier'/ 'Class-II local supplier' 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.

.....Contd. p/6

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

.....Contd. p/7

c. exempt any particular item 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.

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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.

(Rajesh Gupta)
Director
Tel: 23063211
rajesh.gupta66@gov.in

## ANNEXURE-VIII

## (Self-Certification for local content)

In line with Government Public Procurement Order 2017 dated 04.06.2020, we hereby certify that we

……………………………………………………………………………………… (supplier name) inform that local content is ……………….…………..% (indicate percentage of local content) and are

**Class- I local supplier** (meeting requirement of)-

**Local content ≥ 50%** ☐

or

**Class- II local supplier** (meeting requirement of)-

**20% < Local content < 50%** ☐

(mark wherever applicable)

defined by Nodal Ministries/ Departments as per above order for the material against Enquiry No.

……………………………………………… Details of location at which local value addition will be made is as follows:

………………………………………………………………………………………

………………………………………………………………………………………

………………………………………………………………………………………

We also understand, 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.

Seal and Signature of Supplier