

# **INDIAN COUNCIL OF AGRICULTURAL RESEARCH KRISHI BHAWAN: NEW DELHI**

F. No. GAC-21-27/2020-CDN

Dated- 19/06/2020

## **ENDORSEMENT**

Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Govt. of India, Udyog Bhawan, New Delhi has issued D.O. letter No. P-45021/2/2017-PP (BE-II) (E-1588) dated 08.06.2020 regarding recent changes in Public Procurement (Preference to Make in India) Order, 2017, (PPP- MII Order, 2017) of DPIIT. The above mentioned D.O. letter dated 08.06.2020 is being uploaded on the ICAR website [www.icar.org.in](http://www.icar.org.in) and e-office for information and necessary action.

**Sd/-  
(Ajai Verma)  
Under Secretary (GAC)**

Distribution :-

1. Directors/ Project Directors of all ICAR Institutes, National Research Centres/ Project Coordinators/Coordinated Research Projects /ATARIs / Bureaux for information and compliance.
2. All Officers/Sections at ICAR Krishi Bhawan/KAB - I & II/NASC
3. Secretary (SS), CJSC, CSWCRTI, Dehradun.
4. Secretary (SS), HJSC, ICAR.
5. Sr.PPS to DG, ICAR/ PPS FA (DARE)/ PPS to Secretary, ICAR
6. Media Unit for placing on the ICAR website.
7. Guard file/Spare copies

391817/2020/Coordination Section

**डॉ. गुरुप्रसाद महापात्र**  
**DR. GURUPRASAD MOHAPATRA**  
**सचिव**  
**Secretary**



**भारत सरकार**  
**उद्योग संवर्धन और आंतरिक व्यापार विभाग**  
**वाणिज्य एवं उद्योग मंत्रालय**  
**उद्योग भवन, नई दिल्ली-110 011**  
**Government of India**  
**Deptt. for Promotion of Industry and Internal Trade**  
**Ministry of Commerce & Industry**  
**Udyog Bhawan, New Delhi-110 011**  
**Tel. : 23061815, 23061667 Fax : 23061598**  
**E-mail : secy-ipp@nic.in**  
**08<sup>th</sup> June, 2020**

Dear Secretary,

I am writing this regarding recent changes in Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII Order, 2017) of DPIIT.

2. As you are aware, DPIIT issued PPP-MII Order, 2017 to promote procurement of made in India goods/works/services by central government procuring entities by providing purchase preference to local manufactured items in public procurement and other related measures.

3. Recently, Government of India has taken fresh initiative for "Atmanirbhar Bharat" and as a part of it Hon'ble Finance Minister announced on 12.05.2020 that no global tender shall be issued for procurement for less than Rs. 200 crore. Accordingly, as a major policy initiative, PPP-MII Order, 2017 has been amended to provide that only items with minimum 20% domestic value addition/local content can participate in public procurement unless global bid are invited. Also, items with more than 50% local content will get purchase preference over other items. A copy of the Order as amended on 04.06.2020 is enclosed for your ready reference.

4. I request you to kindly advise all procuring entities, including CPSUs/CPSEs/Autonomous Bodies, under administrative control of your Ministry/ Department to comply with the revised Order. It is also requested to direct all procuring entities to interact with industry associations regarding the proposed changes, share their procurement projection with industry, and advise industry to gear up their capacities/ capabilities to meet projected public procurement demand in accordance with Hon'ble Prime Minister vision of "Atmanirbhar Bharat".

With regards,

Yours sincerely,

**(Guruprasad Mohapatra)**

Encl: as above.

All Secretaries to the Govt. of India  
 As per list attached.

**391817/2020/Coordination Section**

## List of Secretaries

Secretary  
Department of Agriculture & Co-operation  
Room No : 115, Krishi Bhawan,  
New Delhi - 110001

Secretary  
Department of Animal Husbandry, Dairying & Fisheries  
Room No : 229, Krishi Bhawan,  
New Delhi - 110001

Secretary  
Department of Agricultural Research and Education  
Room No 107, Krishi Bhawan,  
New Delhi - 110001

Secretary  
Department of Atomic Energy  
Anushakti Bhavan,  
Chatrapathi Shivaji Maharaj Marg,  
Mumbai - 400001

Secretary  
Department of Chemicals and Petrochemicals  
A-Wing, Shastri Bhawan,  
New Delhi - 110001

Secretary,  
Department of Fertilizers,  
Room No. 217,  
A Wing Shastri Bhawan,  
New Delhi - 110001

Secretary,  
Department of Pharmaceuticals,  
Room No. 341 A,  
A Wing, Shastri Bhawan,  
New Delhi - 110001.

Secretary,  
Ministry of Civil Aviation,  
Rajiv Gandhi Bhawan,  
Safdarjung Airport,  
New Delhi - 110003.

Secretary  
Ministry of Coal  
A-Wing, Shastri Bhawan,  
Dr. Rajendra Prasad Road,  
New Delhi - 110001

Special Secretary  
Logistics Division

Department of Commerce  
Udyog Bhawan  
New Delhi.

Secretary,  
Department of Telecommunications,  
Sanchar Bhawan,  
New Delhi - 110001.

Secretary  
Department of Posts  
Dak Bhawan,  
Sansad Marg, New Delhi - 110001

Secretary,  
Ministry of Electronics & Information Technology,  
Room No. 1009, Electronics Niketan,  
CGO Complex, Lodhi Road,  
New Delhi.

Secretary  
Department of Consumer Affairs  
New Delhi - 110001

Secretary  
Department of Food and Public Distribution  
Room No. 169, Krishi Bhawan, New Delhi - 110001

Secretary,  
Ministry of Corporate Affairs,  
A-wing, Shastri Bhawan,  
New Delhi - 110001.

Secretary  
Ministry of Culture  
C-wing, Shastri Bhawan, New Delhi - 110001

Secretary  
Department of Defence  
101, South Block, New Delhi

Secretary,  
Development of North Eastern Region,  
Vigyan Bhawan Annexe,  
Maulana Azad Road,  
New Delhi.

Secretary  
Ministry of Disinvestment  
Room No. 407, 4th Floor,  
Block No. 14, CGO Complex,  
Lodhi Road, New Delhi - 110003

**391817/2020/Coordination Section**

Secretary  
Ministry of Jal Shakti  
Department of Drinking Water & Sanitation  
C Wing, 4<sup>th</sup> Floor, Pandit Deendayal Antyodaya Bhawan,  
CGO Complex, Lodhi Road,  
New Delhi – 110003.

Secretary  
Ministry of Earth Sciences  
Prithavi Bhawan,  
Lodhi Road, New Delhi - 110003.

Secretary  
Ministry of Environment, Forests & Climate Change  
Indra Paryavaran Bhawan,  
Jor Bagh Road, Ali Ganj,  
New Delhi – 110003.

Secretary  
Ministry of External Affairs  
South Block, New Delhi - 110011

Secretary,  
Department of Defence Production,  
Room No. 135 B,  
South Block, New Delhi.

Secretary,  
Defence Research and Development Organization,  
DRDO Bhawan,  
Rajaji Marg,  
New Delhi – 110011.

Secretary,  
Department of Official Languages,  
3rd Floor, NDCC 2 Building,  
Jai Singh Road, New Delhi - 110003

Secretary,  
Department of Economic Affairs,  
Ministry of Finance,  
North Block,  
New Delhi.

Secretary  
Department of Expenditure  
Ministry of Finance,  
North Block, New Delhi - 110001

Secretary  
Department of Revenue  
Ministry of Finance,  
128-,North Block,  
New Delhi.

**391817/2020/Coordination Section**

Secretary,  
Department of Financial Services,  
Ministry of Finance, Jeewan Deep Building,  
Sansad Marg,  
New Delhi.

Secretary  
Ministry of Food Processing Industries  
Panchsheel Bhawan,  
August Kranti Marg, New Delhi - 110049

Secretary  
Department of Health & Family Welfare  
C-Wing, Nirman Bhawan  
New Delhi - 110001.

Secretary  
Ministry of Ayurveda, Yoga & Naturopathy,  
Unani, Siddha and Homoeopathy,  
AYUSH Bhawan,  
B Block, GPO Complex INA,  
New Delhi 110023

Secretary  
Department of Health Research  
Indian Council of Medical Research,  
V. Ramalingaswami Bhawan,  
Ansari Nagar , New Delhi - 110029

Secretary,  
Department of Heavy Industry  
Udyog Bhawan,  
New Delhi - 110011.

Secretary  
Department of Public Enterprises  
Room No. 305, C.G.O. Complex,  
Block No. 14, Lodi Road, New Delhi -

Home Secretary,  
Ministry of Home Affairs,  
Room No. 113, North Block,  
New Delhi - 110001

Secretary,  
Ministry of Housing and Urban Affairs,  
Nirman Bhawan, Maulana Azad Road,  
New Delhi - 110011.

Secretary  
Department of Higher Education  
Ministry of HRD

**391817/2020/Coordination Section**

Shastri Bhawan, New Delhi

Secretary  
Department of School Education & Literacy  
Ministry of HRD,  
Shastri Bhawan, New Delhi

Secretary,  
Ministry of Information and Broadcasting,  
Shastri Bhawan,  
New Delhi.

Secretary  
Ministry of Labour and Employment  
Shram Shakti Bhawan,  
Rafi Marg, New Delhi - 110001

Secretary  
Department of Justice  
Ministry of Law & Justice  
Jaisalmair House, New Delhi - 110001

Secretary  
Department of Legal Affairs  
Room No.404, A-Wing, Shastri Bhawan,  
Dr Rajendra Prasad Road, New Delhi - 110001

Secretary,  
Legislative Department  
Room No.405, A-Wing, Shastri Bhawan,  
Dr.Ranjendra Prasad Road, New Delhi - 110001

Secretary  
Ministry of Micro. Small & Medium Enterprises  
Udyog Bhawan, Rafi Marg, New Delhi - 110011

Secretary,  
Ministry of Mines,  
Shastri Bhawan, 320-A,  
New Delhi – 110001.

Secretary  
Ministry of Minority Affairs  
11th Floor, Paryavaran Bhawan,  
CGO Complex, New Delhi - 110003

Secretary,  
Ministry of New & Renewable Energy,  
Block No 14, CGO Complex,  
Lodhi Road,  
New Delhi – 110003.

**391817/2020/Coordination Section**

Secretary  
Ministry of Panchayati Raj  
Krishi Bhawan, Dr. Rajendra Prasad Road,  
New Delhi - 110001

Secretary  
Ministry of Parliamentary Affairs  
Parliament House,  
Sansad Marg, New Delhi - 110001

Secretary  
Department of Personnel and Training  
North Block  
New Delhi - 110001.

Secretary  
Department of Pension & Pensioner's Welfare  
North Block , New Delhi - 110001

Secretary  
Department of Administrative Reforms and Public Grievances (DARPG)  
Sardar Patel Bhawan , New Delhi - 110001

Secretary,  
Ministry of Petroleum & Natural Gas,  
A-Wing, Shastri Bhawan,  
New Delhi - 110001.

Secretary,  
Ministry of Power,  
Shram Shakti Bhawan,  
New Delhi.

Secretary  
Ministry of Road Transport and Highways  
Transport Bhawan,  
Sansad Marg,  
New Delhi - 110001.

Secretary  
Department of Rural Development (DRD)  
Krishi Bhawan, Dr. Rajendra Prasad Road, New Delhi - 110001

Secretary  
Ministry of Jal Shakti  
Shram Shakti Bhawan,  
Rafi Marg,  
New Delhi - 110001.

Secretary  
Department of Land Resources (DLR)  
Room No. 12-G  
Nirman Bhawan  
New Delhi - 110001.



**391817/2020/Coordination Section**

Secretary  
Department of Science & Technology,  
Technology Bhavan,  
New Mehrauli Road, New Delhi - 110016

Secretary  
Department of Biotechnology  
7th Floor, Block-2, CGO Complex,  
Lodi Road, New Delhi - 110003

Secretary,  
Ministry of Shipping,  
Room no. 401, Transport Bhawan,  
New Delhi - 110001.

Secretary  
Ministry of Skill Development & Entrepreneurship  
2nd Floor, Shivaji Stadium Annexe,  
Shaheed Bhagat Singh Marg, Near Connaught Place, New Delhi - 110001

Secretary  
Ministry of Social Justice & Empowerment  
Shastri Bhawan, C-Wing, Dr. Rajendra Prasad Road, New Delhi - 110001

Secretary  
Department of Space  
Antariksh Bhavan New BEL Road,  
Bangalore-560 231

Secretary,  
Ministry of Steel,  
Udyog Bhawan,  
Dr. Maulana Azad Road,  
New Delhi - 110011.

Secretary  
Ministry of Textiles,  
Udyog Bhawan,  
New Delhi - 110011.

Secretary  
Ministry of Tourism  
Transport Bhawan,  
Sansad Marg, New Delhi - 110001

Secretary  
Ministry of Tribal Affairs  
Krishi Bhawan, A - Wing,  
Dr. Rajendra Prasad Road,  
New Delhi - 110001

Secretary  
Ministry of Water Resources, River Development and Ganga Rejuvenation  
Room No. 412,  
Shram Shakti Bhawan, Rafi Marg,  
New Delhi - 110001

Secretary  
Ministry of Women and Child Development  
Shastri Bhawan, A - Wing,  
Dr. Rajendra Prasad Road,  
New Delhi - 110001

Secretary  
Department of Sports  
C - Wing, Shastri Bhawan,  
Dr. Rajendra Prasad Road,  
New Delhi - 110001

Secretary  
Department of Youth Affairs  
Room No. 1, C-Wing,  
Shastri Bhawan, New Delhi - 110001

Chairman,  
Indian Space Research Organization HQ,  
Antariksh Bhavan,  
New BEL Road,  
Bangalore - 560 231.

Defence Secretary,  
Room No.101-A,  
South Block,  
New Delhi.

Chairman,  
Railway Board,  
Rail Bhavan,  
New Delhi.

Secretary,  
Department of Atomic Energy,  
Anushakti Bhawan,  
Chatrapathi Shivaji Maharaj Marg,  
Mumbai - 400001.

Secretary,  
Department of Investment & Public Asset Management,  
Ministry of Finance,  
New Delhi.

**391817/2020/Coordination Section 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: 04<sup>th</sup> 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

- 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.

.....Contd. p/4

- 4 -

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

- 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
- shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
  - shall annually assess and periodically monitor compliance with this Order
  - shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
  - may require furnishing of details or returns regarding compliance with this Order and related matters
  - 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
  - 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
  - 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.

.....Contd. p/8

19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1<sup>st</sup> 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](mailto:rajesh.gupta66@gov.in)