



Public Procurement (Preference to Make in India) Policy.

1. **Public Procurement (Preference to Make in India) Policy.** 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. The details about the policy is described below.
2. **Definitions :** For the purposes of this Order :
 - (a) '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.
 - (b) 'Local supplier' means a supplier or service provider **or works contractor** whose product or service **or works** offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries I Departments in pursuance of this order.
 - (c) '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.
 - (d) '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.
 - (e) 'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services.
 - (f) '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.
 - (g) Works means all works as per Rule 130 of GFR 2017 and will also include '*turnkey works*'.



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3. Requirements of Purchase Preference. The procedure shall be as follows:-

- (a) Among all qualified bids, the lowest bid as per L1 determination/ bid ranking criteria of NIT, will be termed as L1.
- (b) In procurements of goods, services or works , which are not divisible, following procedures shall be followed:
 - (i) If L1 is from an local supplier, the contract will be awarded to L1.
 - (i) If L1 is not from an local supplier, the lowest qualified 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.
 - (ii) In case such lowest eligible local supplier fails to match 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.
- (c) In the procurements of goods, services or works, which are divisible in nature, the following procedure shall be followed :
 - (i) 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 L1 bidder.
- (d) Minimum local content (MLC): The minimum local content for availing purchase preference shall be **50%**.

[NOTE: MLC may change depending on type of item]



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- (e) Margin of Purchase Preference: The margin of purchase preference shall be **20%**.

4. 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 case 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) 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.
- (d) 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 procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities.