



**MISHRA DHATU NIGAM LIMITED**

A Government of India Enterprise, Ministry of Defence  
P.O. Kanchanbagh, Hyderabad – 500 058, Telangana, India  
Phone: 040 – 24184578, Website: [www.midhani-india.in](http://www.midhani-india.in)

Invites

**EXPRESSION OF INTEREST (EOI) for PROCUREMENT OF “PURE IRON”**

**EOI Tender Ref No: MDN/PUR/EOI/PURE IRON/2024-25 Date: 04-02-2025**

**Start of Tender Documents: 04-02-2025**

**Receipt of Tender on/before: 14-02-2025 by 10:30 Hrs.**

**Opening of bids / responses: 14-02-2025 by 11:00 Hrs.**

**Note:**

- All Bidders need to submit the required Documents as listed in Sealed Cover on or before 14-02-2025 by 10:30 Hrs.
- Any Corrigendum to the Tender shall be published in MIDHANI website only, [www.midhani-india.in](http://www.midhani-india.in)

### **1. INTRODUCTION AND OBJECTIVE:**

Mishra Dhatu Nigam Limited (MIDHANI), a Defence Public Sector company has been playing a very active role in development and manufacture of strategic materials for various sectors. MIDHANI is a unique integrated metallurgical plant located in Hyderabad, Telangana, INDIA. It has wide manufacturing facilities for manufacture of Special steels, Super alloys and Titanium alloys in various forms and sizes. Our annual turnover is about Rs. 1000 Crore. More information can be found on [www.midhani-india.in](http://www.midhani-india.in). MIDHANI has commissioned several projects and few of them are 3000 mm Wide Plate Mill, Skull Melting Furnace, etc.,

MIDHANI desires to Indigenize manufacture of PURE IRON (Carbon: 0.02% max). The objective behind this initiative is have self-reliance and to promote technological development and skill enhancement in area of manufacture of Pure Iron as part of Indigenization.

### **2. TECHNICAL REQUIREMENT:**

Currently requirement of Pure Iron is being met through Imports. MIDHANI desires to procure Pure Iron from Indigenous source on long-term basis under Make-In-India initiative.

### **3. TECHNICAL SPECIFICATION OF PURE IRON:**

1. **Material requirement of Pure Iron is around 1000 MT per annum with delivery of 100 MT per month.**

2. Chemical composition of Pure Iron is as below:

#### **Chemical composition:**

C	=	0.02%MAX	Si	=	0.01% MAX
Mn	=	0.07% MAX	P	=	0.005% MAX
S	=	0.004 % MAX	Zn	=	0.005% MAX
Cr	=	0.02% MAX	Ni	=	0.03% MAX
Co	=	0.02% MAX	Mo	=	0.01% MAX
Cu	=	0.02% MAX	Sn	=	0.003% MAX
Nb	=	0.002% MAX	H2	=	0.003% MAX
O2	=	0.03% MAX	N2	=	0.008% MAX
Sb, Pb, Ti, Bi, W, Ta, V, As, B, Al, Se = 0.005% MAX EACH					
Fe = Balance					
<b>SIZE = 60 – 80 mm Square Cross Section with maximum length 200-300 mm</b>					

Note: **a. Gas cut billets are not acceptable**

**b. Band saw cut pieces only will be accepted.**

#### **4. ELIGIBILITY CRITERIA FOR APPLICANTS:**

**4(a)** Bidder (sole)/Lead Consortium Partner/Original Manufacturer should have been established and operating for a period of **at least 05 years prior to the date of Tender**. Certificate of Incorporation issued by the Registrars of Companies “OR” Certificate of Registration by Registrar of Firms “OR” GST Registration in case of proprietary firms to be submitted.

**4(b)** Bidder shall be an INDIAN Entity only.

**Offers from Consortiums as well as from Authorised dealers/representatives on behalf of Original Manufacturers (OM) are allowed subject to the following:**

##### **In case of Consortiums:**

- Consortium agreement (Memorandum of Agreement) signed by legally authorised signatories of respective consortium members/partners, shall be valid till completion of the contract and shall form part of the Contract.
- Consortium agreement clearly defining the roles and responsibilities of each party and signed by all the consortium members/partners shall be submitted along with the techno-commercial offers.
- BGs to be submitted by each member/partner for value of their respective scope of work and Order/Contract shall be signed by all members/partners of the Consortiums.
- Payments to be made to respective members/partners directly for their respective scope of work (ex: In case of INR payments to Indian Partners in the Consortium etc), which shall be indicated in the techno-commercial offer/authorised by the Lead Partner.
- Lead Partner of the Consortium shall be overall responsible for the execution of the Contract. The Leader and other Members of the Consortium shall be jointly and severally liable for the execution of the Contract, but will be liable for damages in proportion of the respective Contract Price.

##### **In case of participation from Authorised Dealer/Associate/Authorised Representative of Original Manufacturer (OM):**

- Agreement clearly describing the roles and responsibilities of OM and Authorized Representative jointly signed by OM and the Authorized Representative along with the response. Agreement shall be valid till completion of the contract / order, in case contract/order is awarded to them.
- OM to submit Authorisation/Undertaking along with the above said agreement which shall read thus;

“We are appointing the Authorised Representative \_\_\_\_\_ who are authorised to submit/participate in the tender on our behalf, use our credentials, conduct discussions/negotiations for the tender and also sign the Contract/Purchase Order on our behalf. We stand responsible against the actions of our Associate/Representative pertaining to this tender. We shall take the responsibility of technical suitability as per tender/purchase order/contract (if placed), establishment of performance guarantee during commissioning and Warranty/Guarantee during defect liability/Guarantee/Warranty period.”

**4(c) Technical Experience:** Bidder (sole)/Lead Consortium Partner/Original Manufacturer Should have **“minimum 05 years experience”** in supply of similar Raw Material(\*), prior to EOI date for atleast 20% of the EOI quantity (in single or multiple supply orders). Proof of experience i.e., Copy of the Contract/Order & other documentary evidence for successful supply (Invoice / Delivery Challan mentioning the contract details) to be submitted. Bidders have to give the details of previous supplies and contact person full details for reference to be submitted.

(\* ) – Similar Raw materials include material with same Technical Specification (or) higher as of the Tender.

**4(d) Annual Turnover:** Bidder (sole)/Lead Consortium Partner/Original Manufacturer Should have a **minimum average Annual Turnover of Rs. 2.35 crore per year in previous three (03) Financial years**. Audited Annual accounts i.e., Balance Sheets and Profit and loss account statement to be provided as proof.

**4(e) Positive Net Worth/Solvency:** Bidder (sole)/Lead Consortium Partner/Original Equipment Manufacturer Should have **Positive Net worth in each of the previous three financial years** “OR” Should submit **Solvency certificate for Rs. 3.13 crore** issued not earlier than 6 months from the date of Tender. Audited Annual accounts i.e., Balance Sheets and Profit and loss account statement to be provided as proof (or) Certificate from a Practicing Chartered Accountant for Net worth of the company issued not more than 6 months before the date of tender with seal and Membership Number mentioned on the certificate in Original.

**4(f)** Bidder (sole)/All Consortium Partners Should have PAN/TAN/TIN/GST registration. Copy of registration certificates to be submitted.

**4(g)** Bidder (sole)/All Consortium Partner’s Unconditional acceptance of all commercial terms and conditions. Self-certificated document to be submitted.

**4(h)** Bidder should not be Blacklisted/Debarred by any Firm or any Government Organizations and companies and must certify the same. Self-certificated document to be submitted.

**5. SUBMISSION OF DOCUMENTS ALONG WITH EOI:**

The bidder qualifying the above Criterion shall submit the following documents:

- (a) Company brochure.
- (b) Certificates of Accreditations, if any.
- (c) GST, PAN, TAN, etc.,
- (d) Application form as per Annexure-I.
- (e) Supporting documents indicating the past activities / records.
- (f) Documents required as per eligibility criteria.

**6. EVALUATION OF EOI RESPONSES:** Responses to EOI shall be evaluated as per Eligibility Criteria given in EOI and shall be approved by the Competent Authority, MIDHANI.

**7. TERMS & CONDITIONS:**

- (a) MIDHANI reserves the right to accept or reject any Application/bid without assigning any reasons thereof.
- (b) Final Selection of the suitable Applicant/Applicants will be at the sole discretion of MIDHANI and it shall be final.
- (c) The selected Applicant/Applicants shall comply with all Government Regulations/Guidelines & Statutory requirements in force at any period in INDIA.
- (d) Eligible bidders are advised to study all the referred documents carefully before indicating Acceptance.
- (e) Midhani reserves the right to modify the terms and conditions of this EOI and issue an amendment/corrigendum.

**8. PAYMENT TERMS:**

Within 30 days from the date of receipt and acceptance of material in MIDHANI (lot-wise).

**9. ACCEPTANCE CRITERIA:**

Acceptance criteria shall be as per QA document (Chemical composition as per QA document shall be tested by QC at Midhani).

**10. LIQUIDATED DAMAGES:**

Liquidated Damages (LD) shall be levied against suppliers in the event of unsatisfactory, delayed or non-supply of materials/execution of contract beyond the date of delivery. LD is leviable at the rate of 1% of the total Purchase Order/contract prices per week or part thereof subject to a maximum of 10% of the order/contract

prices including taxes and duties without prejudice to the right of the Purchaser to take any other action. The amount shall also be recoverable from any other Purchase Order/Contract on account of the supplier. The payment or deduction of such damages shall not relieve the contractor from his/her obligations to complete the work or from any other of his/her obligations and liabilities under the contract.

#### **11.ARBITRATION:**

Any dispute(s) or difference(s) whatsoever arises under or out of or in connection with the tender notice/contract, or in respect of any defined legal relationship associated therewith or derived there from, shall be resolved/settled amicably, through mutual negotiation; failing which the differences shall be resolved by way of arbitration in accordance with the India International Arbitration Centre (IIAC), New Delhi Arbitration Rules. The authority to appoint the arbitrator(s) shall be the India International Arbitration Centre (IIAC). And will provide administrative services in accordance with IIAC Arbitration Rules. The seat of arbitration shall be India. The language of the arbitration proceeding shall be English. The place of arbitration proceedings shall be Hyderabad, Telangana, India.

In case of PSU/Government organization DPE guidelines in force or as amended from time to time shall be applicable.

#### **12.JURISDICTION:**

This EOI shall be subject to the exclusive jurisdiction of the courts within the local limits of Hyderabad, Telangana, India.

#### **13.CLARIFICATION & SUBMISSION OF BIDS:**

Clarification if any may be sought from [subhadip.g@midhani-india.in](mailto:subhadip.g@midhani-india.in); [rajkumar@midhani-india.in](mailto:rajkumar@midhani-india.in) ; [kmukesh@midhani-india.in](mailto:kmukesh@midhani-india.in)

Requests for updating the status on evaluation will not be entertained. Duly filled in bids along with the relevant Document shall be sent to the following Address:

Additional General Manager (I/c Purchase),  
MISHRA DHATU NIGAM LIMITED,  
Corporate Office, Kanchanbagh (PO),  
Hyderabad – 500 058, Telangana, INDIA.

#### **14.DISCLAIMER:**

All the Submitted Documents will be the property of MIDHANI after submission. In case of any confidentiality, the Applicant shall clearly mark "CONFIDENTIAL" on all such Documents. Such information shall, in so far as is possible be given effect to subject to certain exemption indicated as but not limited to availability of the same in public domain Government/Court directives/orders etc., MIDHANI is not bound contractually or in any other way to any Applicant for this particular tender.

MIDHANI is not liable for any Costs or compensation w.r.t the consideration or non-consideration of this application in response to this Tender. The issue of this Document does not in any way commit or otherwise obliges MIDHANI to proceed with all or any part of Tendering process. The Tender invitation is not the Subject of any Agency Contract or any contractual obligations between MIDHANI and the Applicant. MIDHANI at its absolute sole discretion may prefer, eliminate or abandon any part or whole of the process without giving prior notice to the Prospective Partners.

## APPLICATION FORM

(To be filled by the Applicant)

Sl. No	Description	Response from the Party
1	Name of the firm	
2	Address of the firm with website	
3	Details of contact person Name : Email : Tel/Mob : Fax :	Name : Email : Tel/Mob : Fax :
4	Which year this organisation established	
5	How long you are in the business	
6	Please enclose a brief about the history of your company, capabilities & facilities, collaborators, manpower, financial standing etc. Attach literatures/documents to support your statements wherever necessary	
7	What are the Quality accreditations/Certifications of your company? Attach the Valid copy of such certificates.	
8	Please enclose the catalogue / brochure of your organisation.	
9	List the companies in the mentioned Segment to which you have rendered services in past 2 years	
10	Is your company rated by any of the leading rating agencies (for ex. Dun and Bradstreet)? Or any major agency. If so, mention the name of the rating agency and enclose the rating report by that company	
11	Is your company registered under the statutory requirements applicable locally? Please enclose a copy of the relevant documents, namely PAN, GST etc.,	
12	Nature of the company: PSU/ Listed Company / Partnership Co. / Private Enterprise / Proprietorship Concern	
13	Please provide the sales turnover and PBT of your company for the last three (03) years	
14	Any other points, that you may wish to add, which would highlight your capabilities in support of products to the mentioned Segment.	
15	Do you accept all terms and conditions mentioned in this Tender notice?	



**CERTIFICATE TO BE GIVEN BY APPLICANTS WITH BID/RESPONSE FOR LOCAL CONTENT FROM STATUTORY AUDITOR OR COST AUDITOR (IN CASE OF COMPANIES) OR FROM A PRACTICING COST ACCOUNTANT OR PRACTICING CHARTERED ACCOUNTANT (IN RESPECT OF SUPPLIERS OTHER THAN COMPANIES)**

EOI Ref No:

With reference to the above mentioned EOI, we hereby confirm that we have read the **Public Procurement (Preference to Make in India) Order No. P-45021/2/2017-PP (BE-II)-Part(4) Vol.II dated 19/7/2024** and the updates and the percentage of local (Indian) content in the offered items/service is \_\_\_\_\_ and the place/places of value addition done is/are \_\_\_\_\_.

The Class-I /Class-II local supplier shall be required to provide a certificate from statutory auditor or cost auditor (In 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.

Signature with seal Note:

No. P-45021/2/2017-PP (BE-II)-Part(4)Vol.II  
Government of India  
Ministry of Commerce and Industry  
Department for Promotion of Industry and Internal Trade  
(Public Procurement Section)

Vaniya Bhawan, New Delhi  
Dated: 19 July, 2024

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, 10 & 13] 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, Order No.P-45021/2/2017-B.E.-II dated 29.05.2019, Order No.P-45021/2/2017-B.E.-II dated 04.06.2020 and Order No.P-45021/2/2017-B.E.-II dated 16.09.2020 hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' dated 19.07.2024 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.

**Explanatory notes for calculation of local content given above**

- a. Imported items sourced locally from resellers/distributors shall be excluded from calculation of local content.
- b. The license fees/royalties paid/ technical charges paid out of India shall be excluded from local content calculation.

- c. Procurement/Supply of repackaged/refurbished/rebranded imported products as understood commonly shall be treated as reselling of imported products and shall be excluded from calculation of local content. The definition of repackaged/refurbished/rebranded imported products is as follows;

'Refurbishing' means repair or reconditioning of an imported product does not amount to manufacture because no new goods come into existence.

'Repackaging' means repacking of imported goods from bulk pack to smaller packs would not ordinarily amount to manufacture of a new item.

'Rebranding' means relabeling or renaming or change in symbol or logo/makes or corporate image of a company/organization/ firm for an imported product would amount to rebranding.

- d. To ensure that imported items sourced locally from resellers/distributors are excluded from calculation of local content, procuring entities to obtain from bidders, the cost of such locally-sourced imported items (Inclusive of taxes) along with break-up on license/royalties paid/technical expertise cost etc. sourced from outside India. For items sold by bidder as reseller, OEM certificate for country of origin to be submitted.
- e. For contracts involving supply of multiple items, weighted average of all items to be taken while calculating the local content.

'Class-I local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-I local supplier' under this Order.

'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under this Order.

'Non - Local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' 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'.

**2A. Special treatment for items covered under PLI Scheme**

The manufacturers manufacturing an item under PLI scheme shall be treated as deemed Class II local supplier for that item unless they have minimum local content equal to or higher than that notified for Class-I local supplier for that item, provided the manufacturer has received incentive from the concerned PLI Ministry for the item. The above shall be applicable for the specific time period only, as notified by concerned PLI Ministry.

**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) Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, shall be eligible to bid in procurement 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'. 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.

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

**3.1 Mandatory sourcing of items, with sufficient local capacity and competition, from Class-I local suppliers in SI/EPC/Turnkey Contracts/Service Tenders**

- a. The items, notified as having sufficient local capacity and competition, shall mandatory be sourced from Class-I local suppliers in SI/EPC/Turnkey Contracts/ Services tenders. This provision will be applicable only for those items which have been notified by the Nodal Ministry as Class I i.e. having sufficient local capacity and competition, with specific HSN codes."
- b. Notwithstanding above, if in any project, it is considered that it is not practically feasible to source such items from Class I local suppliers, it may take relaxation from such stipulation with the approval of Secretary of the administrative Ministry/ Department concerned or with the approval of the Competent Authority specified by the Administrative Ministry/Department, on case-specific basis.

**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 procurement undertaken by procuring entities in the manner specified here under.

(b) In the procurement 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 procurement 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.

**3B. Applicability in tenders where contract is to be awarded to multiple bidders-** In tenders where contract is awarded to multiple bidders subject to matching of L1 rates or otherwise, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- a. In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only 'Class I Local suppliers'.
- b. In other cases, 'Class II local suppliers' and 'Non local suppliers' may also participate in the bidding process along with 'Class I Local suppliers' as per provisions of this Order.
- c. If 'Class I Local suppliers' qualify for award of contract for at least

50% of the tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents. However, in case 'Class I Local suppliers' do not qualify for award of contract for at least 50% of the tendered quantity, purchase preference should be given to the 'Class I local supplier' over 'Class II local suppliers'/ 'Non local suppliers' provided that their quoted rate falls within 20% margin of purchase preference of the highest quoted bidder considered for award of contract so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract for at least 50% of the tendered quantity.

- d. First purchase preference has to be given to the lowest quoting 'Class-I local supplier', whose quoted rates fall within 20% margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting 'Class-I local supplier', does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher 'Class-I local supplier', falling within 20% margin of purchase preference, and so on.
  - e. To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to 'Class-I local supplier' within the broad policy guidelines stipulated in sub- paras above.
4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurement 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.

**4A. Exemption in sourcing of spares and consumables of closed systems:**

Procurement of spare parts, consumables for closed systems and Maintenance/ Service contracts with Original Equipment Manufacturer/Original Equipment Supplier/Original Part Manufacturer shall be exempted from this Order.

5. **Minimum local content:** The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier', the 'local content' requirement is minimum 20%. Nodal Ministry/ Department may prescribe only a higher percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier'/ 'Class- II local supplier'. For the items, for which Nodal Ministry/ Department has not prescribed higher minimum local content notification under the Order, it shall be 50% and 20% for 'Class-I local supplier'/ 'Class-II local supplier' respectively.
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. The bidder shall give self-certification for local content in the quoted item (goods/works/services) at the time of tendering. However, at the time of execution of the project, for all contracts above INR 10 Crore, the contractor/ supplier shall be required to give local content certification duly certified by cost/ chartered accountant in practice. For cases where it is not possible to provide certification by Cost/Chartered Accountant at the time of execution of project, the supplier shall be permitted to provide the certificate for local content from Cost/ Chartered Accountant after completion of the contract, within time limit acceptable to the procuring entity. In case the contractor/ supplier does not meet the stipulated local content requirement and the category of the supplier changes from Class-I to Class-II/ Non-local or from Class-II to Non-local, a penalty upto 10% of the contract value may be imposed. However, contract once awarded shall not be terminated on this account.
- d. 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.
- e. 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.
- f. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- g. 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.
- h. 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 9

i below.

- i. 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 procurement 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.
- d. **Reciprocity Clause**
  - i. When a Nodal Ministry/Department identifies that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GeM for appropriate reciprocal action.
  - ii. Entities of countries which have been identified by the nodal Ministry/Department as not allowing Indian companies to participate in their Government procurement for any item related to that nodal Ministry shall not be allowed to participate in Government procurement in India for all items related to that nodal Ministry/ Department, except for the list of items published by the Ministry/ Department permitting their participation.
  - iii. The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry/ Department.
  - iv. State Governments should be encouraged to incorporate similar provisions in their respective tenders.
  - v. The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.
- e. Specifying foreign certifications/ unreasonable technical specifications/



brands/ models in the bid document is restrictive and discriminatory practice against local suppliers. If foreign certification is required to be stipulated because of non-availability of Indian Standards and/or for any other reason, the same shall be done only after written approval of Secretary of the Department concerned or any other Authority having been designated such power by the Secretary of the Department concerned.

- f. "All administrative Ministries/Departments whose procurement exceeds Rs. 1000 Crore per annum shall notify/update their procurement projections every year, including those of the PSEs/PSUs, for the next 5 years on their respective website."

**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 the higher 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.

13A. In procurement of all goods, services or works in respect of which there is substantial quantity of public procurement and for which the nodal ministry has not notified that there is sufficient local capacity and local competition, the concerned nodal ministry shall notify an upper threshold value of procurement beyond which foreign companies shall enter into a joint venture with an Indian company to participate in the tender. Procuring entities, while procuring such items beyond the notified threshold value, shall prescribe in their respective tenders that foreign companies may enter into a joint venture with an Indian company to participate in the tender. The procuring Ministries/Departments shall also make special provisions for exempting such joint ventures from meeting the stipulated minimum local content requirement, which shall be increased in a phased manner.

14. **Powers to grant exemption and to reduce minimum local content:** The administrative Department undertaking the procurement (including

procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,

- a. reduce the minimum local content below the prescribed level; or
- b. reduce the margin of purchase preference below 20%; or
- c. exempt any particular item or supplying entities from the operation of this Order or any part of the Order.

The Administrative Department, while seeking exemption under this para, shall certify that such an item(s) has not been notified by Nodal Ministry/ Department concerned under para 3 (a) of the Order.

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

15. **Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.
16. **Standing Committee:** A standing committee is hereby constituted with the following membership:  
Secretary, Department for Promotion of Industry and Internal Trade - Chairman  
Secretary, Commerce—Member  
Secretary, Ministry of Electronics and Information Technology—Member Joint  
Secretary (Public Procurement), Department of Expenditure—Member Joint  
Secretary (DPIIT)—Member-Convenor

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

17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee
  - a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
  - b. shall annually assess and periodically monitor compliance with this Order
  - c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
  - d. may require furnishing of details or returns regarding compliance with this Order and related matters
  - e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
  - f. may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization

- g. may consider any other issue relating to this Order which may arise.
18. **Removal of difficulties:** Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.
19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 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.



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