



MISHRA DHATU NIGAM LIMITED

A Govt of India Enterprise

P. O Kanchanbagh, Hyderabad – 500058, TS, India.

Corporate Identity Number: L14292AP1973GOI001660

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Tender Notice No: MDN/PUR/28261006/RM/ST/018/26-27 Date: 30-04-2026
Start of Issue of Tender Documents: 30th APR 2026 at 17.00 Hrs. IST
Receipt of Tender on or before: 12th MAY 2026 at 10.30 Hrs. IST
Opening of Tender Date: 12th MAY 2026 at 10.35 Hrs. IST

Sl. No	MATERIAL	Estimated Requirement	
	DESCRIPTION & SPECIFICATION.	Unit	Qty
1.	Rutile Powder Q Grade (DETAILS AS PER ANNEXURE-I)	KGs	1000

List of Tender Documents: -

S. No	Document Description
	Notice Invitation to Tender (NIT)
Annexure I	Technical Specifications
Annexure II	General Terms and Conditions
Annexure II (a)	Terms and Conditions for Indigenous Bidders
Annexure III	Procedure For Manual Tender
Annexure IV	GST Clause for Tender
Annexure V	MII DECLARATION TO BE GIVEN BY THE BIDDER INLINE WITH Public Procurement (preference to Make-In-India), Order 2017 Revision guidelines dt 19-07-2024 for Bid participation.

For MISHRA DHATU NIGAM LIMITED

AGM (Materials)

के राज कुमार / K Raj Kumar
अपर महाप्रबंधक (सामग्री)
Addl. General Manager (Materials)
मिश्र धातु निगम लिमिटेड/Mishra Dhatu Nigam Limited
कंचनबाग, हैदराबाद-58 / Kanchanbagh, Hyd-58

SPECIFICATIONS

Rutile powder – Q Grade for manufacture of welding electrodes

Element	TiO₂	SiO ₂	Fe ₂ O ₃	Cu	ZrO ₂	P ₂ O ₅	S
Wt %	94 min	1.0 max	0.8 max	0.01 max	1.4 max	0.05 max	Trace

- SIEVE ANALYSIS (Granulometric Composition)

Screen size, mm	~ <i>MESH NUMBER</i>	Residue, % on screen
0.45	<i>40</i>	0
0.315	<i>45-50</i>	MAX 1
0.1	<i>140</i>	40-50
0.063	<i>240</i>	Balance
-0.063	<i>-240</i>	Max. 40

PLEASE NOTE: THE MATERIAL SHOULD CONFORM TO THE SCREEN SIZES, (IN MM) GIVEN IN THE TABLE (HOWEVER FOR CONVENIENCE THE MESH NUMBERS ARE ALSO GIVEN IN ITALICS (column 2 OF TABLE))

OTHER REQUIREMENTS:

- Powders shall be packed in laminated hessian bags with polythene liner
- Test certificate shall be forwarded along with the material

ACCEPTANCE CRITERIA: Material shall be cleared based on QA/RMIC results of MIDHANI.

Delivery Schedule: FOR, MIDHANI HYDERABAD shall be within 15 days from the date of placement of Purchase Order.

IMPORTANT NOTE:

- 1. REPEAT ORDER:** The Purchaser may issue Repeat Order increasing the quantity upto 100% of original Purchase Order quantity with two years from the date of Original Purchase Order and completion of Original Purchase Order supplies, subject to no downward trend in prices by giving reasonable time / notice to the Supplier.
- 2. OPTION CLAUSE:** The Purchaser may issue amendment to increase the quantity upto 50% of the ordered quantity on the same price and terms and conditions with mutual consent during the currency of the contract i.e., till final delivery date / extended delivery date, by giving reasonable time / notice to the supplier.

11. **ADDENDA TO TENDER DOCUMENTS:**

The Purchaser reserves the right to issue addenda to the tender documents to clarify, modify, supplement or delete any of the condition, clause or items stated in the tender documents issued with this invitation to Tender. Each addendum issued will be distributed to each tenderer or his authorized representative and the addendum so issued shall form a part of the original tender documents to be reviewed as required.

12. **NO CLAIM FOR COMPENSATION FOR SUBMISSION OF TENDER :**

The tenderers whose tenders are not accepted shall not be entitled to claim any costs, charges and expenses of the tender, incidental to or incurred by them, through or in connection with their submission of tenders even though the Purchaser may elect to withdraw the invitation to tender.

13. **BANKRUPTCY ETC.:**

If the Supplier/Contractor shall become bankrupt or insolvent or cause or suffer any receiver to be appointed of his business or any asset thereof or compound with his creditors, or being a corporation commence to be wound up, or carry on its business under a Receiver for the benefits of its creditors or any of them, the Purchaser shall be at liberty:

- a. To terminate the contract forthwith upon coming to know of the happening of any such event as aforesaid by notice in writing to the Contractor or to the receiver / liquidator.
OR
- b. To give such receiver, liquidator or other person the option of carrying out the contract subject to his providing guarantee up to an amount to be agreed for the due and faithful performance of the Contract.

14. **RIGHT OF ACCEPTANCE:**

The Purchaser does not bind himself to accept the lowest or any of other tender and reserves the right of acceptance the whole or any part of the tender or portion of the quantity offered. The purchaser reserves the right to place repeat order upto 100% of the quantities within two years from the date of Original order and completion of original order supplies, with mutual consent.

15. **LIQUIDATED DAMAGES(LD):**

Liquidated Damages shall be levied against Suppliers/Contractors in the event of unsatisfactory, delayed or non-supply of materials/execution of Contract beyond the date of delivery/completion of job. LD is leviable at the rate of 1% of the total order/contract prices per week or part there of subject to a maximum 10% of the order/contract prices (inclusive of all taxes & duties except GST) without prejudice to the right of the purchaser to take any other action. The amount shall also be recoverable from any other contract on account of the supplier. The payment or deduction of such damages shall not relieve the contractor from his obligations to complete the work or from any other of his obligations and liabilities under the contract.

16. **CANCELLATION / SHORT CLOSURE OF CONTRACT/PURCHASE ORDER:**

The purchaser may, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the supplier, terminate the contract in whole or in part:

- a) If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted by the Purchaser.
- b) If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted by the purchaser.
- c) MIDHANI reserves the right to short-close the Purchase Order for the total quantity (or) part thereof, under the circumstances viz., breach of trust/ breach of contract conditions, impossibility of performance, change in market conditions, change in production plan, change in specification, cancellation of order by customer/end-user etc.,

17. **REJECTED GOODS:** The rejected goods at MIDHANI premises will lie at the risk of the Vendor. They should be replaced immediately on receipt of intimation regarding rejection from Midhani. In case the rejected goods are not replaced within six weeks from the date of receipt of the inspection memo, MIDHANI is not responsible for any loss, damage and theft, and in addition, MIDHANI reserves the right to recover such amount as may be assessed on account of storage and incidentals or any other charges MIDHANI may have incurred. The vendor has to lift the rejected material from MIDHANI within 6 months from the date of receipt of intimation. In case of rejected goods are in MIDHANI for more than 6 months, MIDHANI reserves the right to dispose of the same and Vendor shall not have any right for claiming the goods or damages thereof.

18. SUBMISSION OF TENDER :

Tenders shall be submitted as per procedure specified at Annexure III. The tenders received after the stipulated time and due date, due to any reason whatsoever will not be considered. Tenders who are incomplete or otherwise considered defective are liable to be rejected.

19. MULTIPLE L1 PARTIES:

In case more than one tenderer is qualifying as L1, after price evaluation and the order is not to be split, the placement of order shall be done after obtaining reduced revised price bid from the L1 tenderers and if still there is a tie among L1 tenderers then to discover the final L1, draw of lots shall be held in presence of the tenderers who chose to be present.

20. Only one vertical (Company) from a group of companies will be eligible to participate in the tender. Midhani reserves the right to reject the bids of all such parties summarily, if it is found that verticals under the same organizations have participated.

21. Pre-Despatch Inspect (PDI) wherever applicable: Pre-Dispatch Inspection shall be conducted as indicated in the Technical Specifications and Materials to be dispatched after obtaining the Dispatch Clearance from MIDHANI. Bidders to provide 10 days for PDI in all indigenous cases (supplier to give a minimum of ten days' notice) and Four weeks for all Foreign supply cases (supplier to give a minimum of four weeks' notice to take care of formalities associated with foreign travel). Time taken by MIDHANI in excess of the defined time lines shall be considered as delay on the part of MIDHANI while calculating Liquidated Damages.

22. TENDER OPENING:

A. TECHNO-COMMERCIAL BIDS (UN-PRICED) :

Techno-commercial Bids (un-priced) only shall be opened on the due date indicated in the enquiry in the e-platform (or) in the presence of Tenderers or their authorized representatives who choose to be present at the time of tender opening, as the case may be.

B. PRICE BIDS:

Price Bids of technically acceptable tenders' shall be opened after the Techno-commercial bids evaluation and after receipt of clarifications, if any, in the e-platform (or) in the presence of Tenderers or their authorized representatives who choose to be present at the time of tender opening, as the case may be at the time and date which will be informed to the tenderers concerned in advance.

The comparative assessment of offers received would be made on equal footing taking into account the financial implications for the deviations in terms and conditions/loading of any charges to arrive at the Landed Cost to MIDHANI. In case of any acceptable commercial deviation, MIDHANI may evaluate the prices with appropriate loading at One year MCLR rate + 0.5% of SBI prevailing on the date of Technical bid opening."

Conditional discounts offered by the tenderers for coverage within a shorter period for early inspection / payment etc., shall not be considered at the time of evaluation of tenders.

23. DEFINITIONS:

A. PURCHASER:

The term "Purchaser" or "Midhani" as used herein shall mean Mishra Dhatu Nigam Limited, incorporated under the Companies Act, 1956, and having its registered office at P.O. Kanchanbagh, Hyderabad - 500 058, India, and shall include its successors and assigns.

B. TENDERER:

The term "Tenderer" shall mean the person, firm or corporation submitting a tender against the Invitation to tender and shall include his/its heirs, executors, administrators, legal representatives, successors and assigns.

C. SUCCESSFUL TENDERER/SUPPLIER/CONTRACTOR:

The term "Successful Tenderer/Supplier/Contractor" shall mean the Tenderer whose tender has been accepted and shall include his/its heirs, executors, administrators, legal representatives, successors and assigns approved by the Purchaser.

24. **FORCE MAJEURE:**

If at any time during the continuance of this Contract, the performance in whole or in part, neither party shall be liable of performance under this Contract, any obligations under the Contract of any party is prevented or delayed due to reasons beyond such party's control, including but not limited to acts of God, fire, flood, earthquake other natural catastrophes, any law, order, regulation, direction, action of any civil or military authority, national emergencies, insurrections, riots, war (whether declared or not), hostility, acts of the public or enemy, civil commotion, sabotage, explosion epidemic, quarantine restrictions, strikes and lock-outs, work stoppage or other labour difficulties, absence of the usual means of communication or transportation (hereinafter referred to as `eventuality`) provided however the party to which the force majeure has happened shall use commercially reasonable efforts to eliminate such an event.

Force majeure shall also be deemed in the event of any regulatory decision or government order requiring the either party to suspend its service(s) or operation(s) for any reasons whatsoever. Notice of the happening of any such eventuality or force majeure as mentioned herein shall be given by either party to the other within fifteen (15) days from the date of the occurrence thereof along with supporting proof of the occurrence of the Force Majeure event , neither party shall, by reason of such eventuality, be entitled to terminate this Contract, nor shall either party have any claim for damages against the other in respect of such non-performance, or delay in performance, and the work under this Contract shall be resumed as soon as practicable after such eventuality has come to an end or ceased to exist, and the decision of the Purchaser as to whether the work has been so resumed shall be final and conclusive.

Certificate of a Chamber of Commerce (Commerce and Industry) or other competent authority or organization of respective country shall be a sufficient proof of commencement and cessation of the above circumstances.

The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Contract for so long as the relevant event of Force Majeure continues and to the extent that such party's performance is prevented, hindered or delayed. The time for completion shall be extended by number of days the party giving notice was prevented from performing his obligation due to Force Majeure, in accordance with Clause 27 hereof.

Should one or both parties be prevented from fulfilling their contractual obligations by a state of force majeure lasting continuously for a period of at least six (6) months, both the parties shall consult each other regarding the further implementation of the Contract, provided always that, if no mutually agreed arrangement is arrived at within a period within three (3) months from the expiry of the six (6) months referred to above, the Contract shall be deemed to have expired at the end of the said six (6) months referred to above. The above mentioned expiry of the Contract will imply that both the parties have the obligation to reach an agreement regarding the winding up and financial settlement of the Contract.

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TERMS AND CONDITIONS FOR INDIGENOUS OFFERS**1. PRICE BID FORMAT:**

Prices shall be quoted ONLY in the following format/as per BOQ:

Sl. No	Description	Quantity with UOM	Unit Price excl fo GST per Kg (INR)	Total Excl of GST FOR Midhani price (INR)	HSN/S AC Code	GST (%)
I	II	III	IV	(V = III x IV)		VI
1	Rutile Powder Q Grade (DETAILS AS PER ANNEXURE-I)	1000 KG				

The tenderer shall indicate/furnish the following in his offer:

- Manufacturer's Name & Address.
- Country of origin of goods.
- Delivery period.
- Mode of packing.
- Net weight and Gross weight.
- Technical Literature / Catalogue/Specifications.
- Details of Shelf life, if any, applicable for the goods offered.
- Your Banker's Name, Address & Details.
- A confirmation that the price quoted is your lowest export price and is the same as you would normally quote to Government department and other favored customers.
- HSN Code for all the Items quoted along with applicable GST Rates.
- TARIFF HEAD UNDER H. S. (HARMONISED SYSTEM).

Note: Technical Offers shall contain UNPRICED Format indicating all the details without which offers are liable to be rejected.

2. TERMS OF PAYMENT for Indigenous Offers:

100% Payment within 30 Days from the date of Receipt and acceptance of Material at MIDHANI.

3. PRICES

Price Basis: **FOR MIDHANI, HYDERABAD** basis shall be quoted. The Prices must be per unit shown inclusive of packing forwarding insurance Octroi duty and delivery charges and should be on FOR destination basis, Offers from local suppliers should be for free delivery at our Stores.

4. TAXES AND DUTIES:

The Tenderer shall indicate their GST Number & date in the quotation. Taxes/Duties payable have to be clearly indicated in the quotation. The nature of duties and applicable percentages thereof and the items on which such taxes/duties are leviable along with applicable HSN code shall be indicated in the Offer. Payment of taxes or duties shall be as applicable at the time of supply and on production of documentary evidence. Statutory variation in the rate of Taxes and duties during the delivery period shall be accepted.

Note: Payment shall be released only after filing of GSTR1 and GSTR3B including availability of invoices in GSTR2B of MIDHANI.

5. PACKING:

The stores should be securely packed and properly marked to avoid loss or damage in Transit by Rail / Road. Mode of Packing shall be specified in the offer.

ANNEXURE - III

PROCEDURE TO BE FOLLOWED FOR SUBMISSION OF TENDER
(SINGLE BID)

"TECHNO- COMMERCIAL BID & PRICE BID"

ENQUIRY NO. **MDN/PUR/28261006/RM/ST/018/26-27**
DATE: **30-04-2026**

DUE DATE: **12-05-2026** AT **10.30 AM, IST**
To

THE ADDL. GENERAL MANAGER (PURCHASE)
MIDHANI, HYDERABAD - 500 058.

NAME OF THE TENDERER:

GST CLAUSE FOR TENDER

Note to Suppliers regarding Invoice and related payment conditions:

1. The GST invoice to be submitted by supplier shall be in accordance with provisions of Sec 31 of CGST Act, 2017 and shall contain all particulars specified in rule 46 of CGST Rules including HSN/SAC codes.
2. Wherever E-invoice is applicable as per provisions of GST Act and notifications issued from time to time, bills will be processed only on submission of E-invoice (in addition to all other relevant documents). If E-invoice is not applicable, supplier is requested to submit the declaration on letter head signed by Authorized signatory in the attached format at Annexure-A.
3. Further to above, if the aggregate turnover of the supplier exceeds threshold limits as notified by Government of India at any future date, then E-invoice shall be applicable and the bidder has to comply with required provisions of GST Law.
4. Supplier need to give declaration whether he is filing GSTR-1 and GSTR-3B on monthly basis or quarterly basis. If supplier is filing /opted for GSTR-1 and GSTR-3B on Quarterly basis, supplier is requested to submit the declaration on letter head signed by Authorized signatory in the attached format at Annexure-B.
5. If the supplier is filing returns on monthly basis, payment will be made only after filing of GSTR-1 and GSTR-3B of the respective month including availability of invoice in GSTR-2B(It is to be noted that the Invoice will appear in GSTR-2B of corresponding month if the supplier files GSTR-1 within due dates mentioned in the Act).
6. If supplier is filing / opted for GSTR-1 and GSTR-3B on Quarterly basis, only the base amounts will be paid initially and release of GST amounts will be made only after quarterly filing of GSTR-1, GSTR-3B of corresponding months including availability of invoice in GSTR-2B (It is to be noted that the Invoice will appear in GSTR-2B of corresponding month if the supplier files GSTR-1 within due dates mentioned in the Act). After filing of GSTR-1 and GSTR-3B Supplier has to intimate the same to Purchase Department along with copies of GSTR-1 and GSTR-3B for onward intimation to Finance Department.
7. In case MIDHANI is unable to avail GST credit within time limit specified under the GST Act due to delay in filing and /or intimation regarding filing of GST returns by supplier or due to any other fault of supplier, corresponding GST amounts will not be paid to supplier.

Annexure-A

TO BE PRINTED ON LETTER HEAD

To whomsoever, it may concern.

We M/s. having PAN and GSTIN Registration Number hereby undertake that our Aggregate Turnover (as per Section 2(6) of Central Goods and Services Tax Act, 2017) for the previous financial year does not exceed the prescribed threshold (as on the date of this declaration) for generation a Unique Invoice Registration Number (IRN) and QR code as per the provisions of Central Goods and Services Tax Act, 2017 and rules thereunder ("GST Law").

Further, we also undertake that if the aggregate turnover of M/s. exceeds the current threshold or revised threshold notified by Government of India at any future date, then we shall issue invoice, Debit Note and credit note in compliance with the required provisions of GST Law (E-Invoice).

I/Weacting on behalf of (Company name) in the capacity of (designation) and keep it indemnified against any losses, damages (or) costs which it suffers (or) incurs due to beach on our part of this declaration.

LEGAL NAME :

TRADE NAME :

TAX PAYER TYPE :Regular

Thanking you.

Yours Truly,
For M/s.....

Authorized SignatoryName:
Designation:
Stamp:

TO BE PRINTED ON LETTER HEAD

To whomsoever, it may concern.

We M/s. having PAN and GSTIN Registration Number hereby confirm that our Aggregate Turnover (as per Section 2(6) of Central Goods and Services Tax Act, 2017) was not more than prescribed limit for Quarterly filing and we are anticipating that turnover for the Current Financial year also will be within the prescribed limit. Hence, we opt to file GSTR-1 and GSTR-3B returns on a Quarterly basis for the Financial year 2020-2021 (January 2021 onwards). We are hereby agreeing to file GSTR-1 and GSTR-3B on or before due dates as per provisions of GST Act and Rules thereunder. In case we revise option / required to file GSTR-1 and GSTR-3B on monthly basis, same will be intimated immediately and complied with.

Further, we also undertake that if the aggregate turnover of M/s. exceeds the current threshold or revised threshold notified by Government of India at any future date, then we shall file returns compliance with the provisions of GST Act or rules made thereunder.

I/We acting on behalf of (Company name) in the capacity of (designation) and keep it indemnified against any losses, damages (or) costs which it suffers (or) incurs due to breach on our part of this declaration.

Our GST details as per GST Registration certificate are as below:

LEGAL NAME :

TRADE NAME :

Thanking you.

Yours Truly,
For M/s.....

(Authorized Signatory)

Name:
Designation:
Stamp:

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 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.



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