

**Applicability of this Order**

This Order shall be applicable for all procurement by the Government is substantial in amount and shall not be applicable for procurements where the estimated value to be procured is less than Rs. 5 lakhs.

**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.

**Definition of Work**

Works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

**Purchase Preference**

The margin of purchase preference shall be 20%.i.e the supplier who qualifies the Min Local Content criteria is given preference even if his quote is more than 20% of value quoted by L1 Supplier, not meeting the Minimum Local Content Criteria.

**Requirement of Certificate**

In cases of procurement for a value in excess of Rs. 10 crores, the supplier' shall be required to provide a certificate from the statutory auditor or cost auditor of the company along with his Bid.

**Penal action in case of breach**

False declarations will be in breach of the Code of Integrity under for which a bidder or its successors can be debarred for up to two years along with such other actions as may be permissible under law.

**Definition of an Indian Supplier**

A supplier or bidder shall be considered to be from a India if :

- (i) the entity is incorporated in India or
- (ii) a majority of its shareholding or effective control of the entity is exercised from India or
- (iii) more than 50% of the value of the item being supplied has been added in India.

**Definition of Local Content**

'Local content' means the amount of value added in India which shall, 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.

**Different categories of Supplier:**

The Suppliers will be classified into three categories like Class-I Supplier, Class-II Supplier and Non-Local Supplier.

*1) Class-I Supplier*

supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50%.

*2) Class-II local supplier*

Supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%.

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**3) Non-Local Supplier**

Supplier or service provider, whose goods, services or works offered for procurement, has local content less than or equal to 20%.

**Issue of Tenders**

*a. Where sufficient local Competence is available*

In procurement of all goods, services or works in respect of which the Ministry / Department has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier', shall be eligible to bid irrespective of purchase value

*b. Value less than Rs 200 Crs*

In procurement of all goods, services or works, and with estimated value of purchases less than Rs. 200 Crore, Global tender enquiry shall not be issued except with the approval of competent authority Only. Class-I local supplier and 'Class-II local supplier shall be eligible to bid in procurements.

**Purchase Preference Policy for non-Divisible Works**

a. Purchase preference shall be given to 'Class-I local supplier' in procurements undertaken by procuring entities

b. In the procurements of goods or works, 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 Under:

- i) Among all qualified bids, If L1 is 'Class-1 local supplier', the contract will be awarded to L1
- ii) If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-1 local supplier', will be invited to match the L1 price subject to margin of purchase preference ( i.e 20%) and Contract may be awarded
- iii) In case such lowest eligible 'Class-1 local supplier' fails to match the L1 price, then the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and Contract may be awarded.

**Requirement to be included in the Tenders**

Every procuring entity shall ensure that the eligibility conditions shall be fixed in any tender, 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.



This is for General Information purpose only. For any specific application to your circumstances, pl contact at following details:

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