

भारत सरकार BHARAT SARKAR
रेल मंत्रालय MINISTRY OF RAILWAYS
रेलवे बोर्ड RAILWAY BOARD
नई दिल्ली New Delhi

No. 2015/RS(G)/779/5

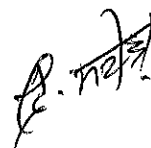
Dated: 03.08.2017

The General Manager, All Indian Railways/PUs, NF(C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDLS,
CMD/MD/All Railway PSUs

Sub: Public Procurement (Preference to Make in India), Order 2017.

1. In pursuant to Rule 153 (iii) of the General Financial Rules 2017, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion has issued Public Procurement (Preference to Make in India), Order 2017. This order is in pursuance to the policy of the Government of India to promote manufacturing and production of goods and services in India with a view to enhancing income and employment. These orders are applicable to all Ministries/departments/CPSUs etc. Copy of subject order issued by Ministry of Commerce and Industry, Department of Industrial Policy and Promotion is enclosed as **Annexure-A** for guidance and compliance.
2. The order contemplates for decisions on certain issues to be taken by Nodal Ministry. Accordingly the decision of Ministry of Railways (as nodal Ministry) on such issues are as under:
 - (a) **Local content:** The minimum local content shall ordinarily be 50%. PHOD/CHOD of procuring department (Stores/Engineering), in consultation with indenting department shall however be competent to vary the minimum local content below the prescribed level on case to case basis. Requisite action as per para 14 of the subject order, shall be ensured. Such power should not be further delegated.
 - (b) **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.
 - (c) **Verification of Local Content :**
 - (i) Para 9 (c) of the subject order, empowers the authority competent to look into the procurement related complaints, relating to the procuring entity, to take decisions on complaints in implementation of subject order. Accordingly, PHOD/CHOD of procuring department shall have full power to take decisions on complaints relating to implementation of this order. These powers can further be delegated by PHOD/CHOD to one level

Sankosh Mittal

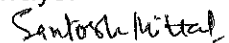


higher than the tender accepting authority or PHOD/CHOD of procuring department, whichever is lower in hierarchy of procuring department.

- (ii) PHOD/CHOD of procuring department may constitute committee with internal and external experts (as provided in Para 9(d) of the subject order) to assist the competent authority to take decision on the complaints. The authority to constitute this committee shall not be further delegated.
 - (iii) Powers of the General Manager to hire professionals, like Chartered Accountants, Cost Accountants, etc., can be used to hire external experts.
 - (iv) Same delegation shall also apply for constitution of committee for independent verification on random basis (as provided in Para 9(d) of the subject order).
- (d) **Fee for complaints:** Fee for filing a complaint under the order shall be Rs.10,000/-, per case. The complaint shall be filed in the office of the PHOD/CHOD of procuring department concerned. The fee shall be deposited with the office of the Associate Finance of the concerned PHOD/CHOD of procuring department.
- (e) **Debarment of bidders:** In this regard, following process may be adopted:
- (i) All procuring entities will upload the name of debarred bidder/supplier along with duration and reasons of debarment on their own website. Apart from this, they will also send this information to Member-Convener of the Standing Committee in DIPP and Government e-Marketplace (GeM) & Central Public Procurement Portal (CPPP) for uploading such information on their portals. GeM/CPPP will create one separate page on their portal for displaying this information.
 - (ii) 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 CPPP so as ongoing procurements are not disrupted.(This is in replacement of para 9(h)(iii) of the subject order).

(f) **List of Nodal Ministries:** As per **Annexure-B**.

Other provisions/conditions as stipulated in the subject order shall remain unchanged.
This is issued with the concurrence of Finance Directorate of Ministry of Railways.


(Santosh Mittal)
Dy. Dir. Rly. Stores(G)-I
Railway Board
Dated: 03.08.2017

No. 2015/RS(G)/779/5

1. PFAs, All Indian Railways & Production Units
2. The ADAI(Railways), New Delhi
3. The Directors of Audit, All Indian Railways


for Financial Commissioner / Railways

1. PCMMs, PCEs, CMEs, CEEs, CSTEes, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela
2. The Directors—
 - a. Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad
 - b. Indian Railway Institute of Mech. & Elec. Engg., Jamalpur
 - c. Indian Railway Institute of Elect. Engg., Nasik
 - d. Sr. Prof. (Material Management), NAIR, Vadodara
 - e. Indian Railway Institute of Civil Engg., Pune
 - f. Indian Railway Institute of Traffic Management, Lucknow
3. MD, CRIS, Chanakya Puri, New Delhi
4. MD, RITES, RITES Bhavan, Sector-29, Gurugram
5. Director, Iron & Steel, 3, KoilaGhat Street, Kolkata
6. Executive Director (Stores), RDSO, Lucknow
7. Chief Commissioner, Railway Safety, Lucknow
8. Zonal Railway Training Institute, Sukadia Circle, Udaipur

Santosh Mittal
(Santosh Mittal)
Dy. Dir. Rly. Stores(G)-I
Railway Board

No. 2015/RS(G)/779/5

Dated: 03.08.2017

Copy to :

1. The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
2. The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPFA, Room No. 256-D Rail Bhavan

Santosh Mittal
(Santosh Mittal)
Dy. Dir. Rly. Stores(G)-I
Railway Board

Copy to:- Sr. PPSs / PPS / PS to :

1. MR, MoS(S), MoS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY., DG(RS), DG(S&T), DG(Personnel), DG (RHS), DG (RPF)
3. All AMs, Advisors & Executive Directors of Railway Board

No. P-45021/2/2017-B.E.-II
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

Dated 15th June, 2017
Udyog Bhawan, New Delhi

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017

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.

'Local supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of 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 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.

.....Contd. p.2/-

'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.

3. **Requirement of Purchase Preference:** 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 local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder:
- a. In procurement of goods in respect of which the Nodal Ministry has communicated that there is sufficient local capacity and local competition, and where the estimated value of procurement is Rs. 50 lakhs or less, only local suppliers shall be eligible. If the estimated value of procurement of such goods is more than Rs. 50 lakhs, the provisions of sub-paragraph b or c, as the case may be, shall apply.
 - b. In the procurements of goods which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed:
 - i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bidder.
 - c. In procurements of goods not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:
 - i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract will be awarded to L1.
 - ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such local supplier subject to matching the L1 price.
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price, then the contract may be awarded to the L1 bidder.

.....Contd. p.3/-

4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
5. **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
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 local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
 - b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
 - c. 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.
 - d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.
 - e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
 - f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law
 - g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the

duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.

- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;
 - ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
 - iii. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations:

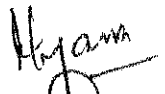
- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of local suppliers 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. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/ or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.
- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India."

.....Contd.p.5/-

11. **Assessment of supply base by Nodal Ministries:** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.
12. **Increase in minimum local content:** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.
13. **Manufacture under license/ technology collaboration agreements with phased indigenization:** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.
14. **Powers to grant exemption and to reduce minimum local content:** Ministries /Departments of Government of India and the Boards of Directors of Government companies or autonomous bodies may, by written order,
 - a. reduce the minimum local content below the prescribed level;
 - b. reduce the margin of purchase preference below 20% ;
 - c. exempt any particular item or procuring or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order.A copy of every such order shall be marked to the Member-Convenor of the Standing Committee constituted under this Order.
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 of Industrial Policy and Promotion—Chairman
 - Secretary, Commerce—Member
 - Secretary, Ministry of Electronics and Information Technology—Member
 - Joint Secretary (Public Procurement), Department of Expenditure—Member
 - Joint Secretary (DIPP)—Member-Convenor

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

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



(B. S. Nayak)

Under Secretary to Government of India
Ph. 23061257

Indicative Product categories and associated Ministry/Department

S. No.	Product categories	Associated Ministries/Department
1	Automobiles and Automotive Components	Department of Heavy Industries
2	Medical Devices, Pharmaceutical Products	Ministry of Health & Family Welfare/Department of Pharmaceuticals
3	IT and Electronics (including softwares)	Ministry of Electronics & IT
4	Telecom Equipments	Department of Telecommunications
5	Capital Goods(Heavy Machinery, Machine Tools etc.)	Department of Heavy Industries
6	Oil and Chemicals	Department of Chemicals & Petrochemicals
7	Paper Products	DIPP
8	Textile & Apparel	Ministry of Textile
9	Leather Products	Department Commerce/DIPP
10	Petroleum Products	Ministry of Petroleum and Natural Gas
11	Shipping related procurements	Ministry of Shipping
12	Railway related procurements	Ministry of Railways
13	Defence related procurements	Department of Defence Production
14	Equipments related to Electricity generation	Ministry of Power
15	Equipments related Solar power, Wind power etc	Ministry of Renewable Energy
16	Aviation related procurement	Ministry of Civil Aviation
17	Mining related procurement	Ministry of Coal

भारत सरकार(GOVERNMENT OF INDIA)
रेल मंत्रालय(MINISTRY OF RAILWAYS)
रेलवे बोर्ड(RAILWAY BOARD)

सं. 2015/आरएस(जी)/779/5

नई दिल्ली, दिनांक 03.08.2017

महाप्रबंधक, सभी भारतीय रेलें/उत्पादन इकाइयां, पूर्वोत्तर सीमा रेलवे(निर्माण), कोर
महानिदेशक/अ.अ. एवं मा. सं./लखनऊ एवं भारतीय रेल राष्ट्रीय अकादमी/वडोदरा
मुख्य प्रशासनिक अधिकारी, डीजल इंजन आधुनिकीकरण कारखाना/पटियाला, डब्ल्यूपीओ/पटना,
काँफमो/नई दिल्ली
मुख्य प्रबंध निदेशक/प्रबंध निदेशक/भारतीय रेलवे के सार्वजनिक क्षेत्र के सभी उपक्रम

विषय: सार्वजनिक खरीद (भारत में निर्माण करने को प्राथमिकता देना), आदेश 2017.

1. वाणिज्य एवं उद्योग मंत्रालय, औद्योगिक नीति एवं संवर्द्धन विभाग ने सामान्य वित्त नियम, 2017 के नियम 153(iii) के अनुपालन में सार्वजनिक खरीद (भारत में निर्माण करने को प्राथमिकता देना), आदेश, 2017 जारी किया है। यह आदेश आय और रोजगार में वृद्धि करने के उद्देश्य से भारत में वस्तुओं और सेवाओं के विनिर्माण एवं उत्पादन को बढ़ावा देने के लिए भारत सरकार की नीति के अनुसरण में है। ये आदेश सभी मंत्रालयों/विभागों/सीपीएसयू आदि के लिए लागू हैं। वाणिज्य एवं उद्योग मंत्रालय, औद्योगिक नीति एवं संवर्द्धन विभाग द्वारा जारी इस विषय से संबंधित आदेश की प्रतिलिपि मार्गदर्शन एवं अनुपालन के लिए **अनुलग्नक-क** के रूप में संलग्न है।
2. इस आदेश में नोडल मंत्रालय द्वारा लिए जाने वाले कतिपय मुद्दों से संबंधित निर्णय पर विचार किया गया है। तदनुसार, ऐसे मुद्दों पर रेल मंत्रालय (नोडल मंत्रालय के रूप में) के निर्णय निम्नानुसार हैं:

(क) **स्थानीय वस्तु:** न्यूनतम स्थानीय वस्तु सामान्यतः 50% होगी। बहरहाल, खरीद विभाग (भंडार/इंजीनियरी) के पीएचओडी/सीएचओडी मांगकर्ता विभाग से परामर्श करके अलग-अलग मामलों में निर्धारित स्तर से नीचे न्यूनतम स्थानीय वस्तु में अंतर करने के लिए सक्षम होंगे। विषय से संबंधित आदेश के पैरा 14 के अनुसार अपेक्षित कार्रवाई सुनिश्चित की जाएगी। इस शक्ति का पुनः प्रत्यायोजन नहीं किया जाएगा।

(ख) **खरीद प्राथमिकता की सीमा:** खरीद प्राथमिकता की सीमा 20% होगी।

(ग) **स्थानीय वस्तु का सत्यापन:**

- (i) विषय से संबंधित आदेश का पैरा 9(सी) सक्षम प्राधिकारी को विषय से संबंधित आदेश को क्रियान्वित करने में शिकायतों पर निर्णय लेने के लिए खरीद करने वाली संस्था के संबंध में खरीद से संबंधित शिकायतों को देखने के लिए शक्ति प्रदान करता है। तदनुसार, खरीद करने वाले विभाग के पीएचओडी/सीएचओडी को इस आदेश को क्रियान्वित करने से संबंधित शिकायतों पर निर्णय लेने का पूर्ण अधिकार होगा। ये शक्तियां पीएचओडी/सीएचओडी द्वारा आगे निविदा स्वीकार करने वाले प्राधिकारी या खरीद करने

सन्तोष मिश्रा

वाले विभाग के पीएचओडी/सीएचओडी से एक लेवल आगे, खरीद विभाग के पदानुक्रम में जो भी निम्न प्राधिकारी हो, को प्रत्यायोजित की जा सकती हैं।

(ii) खरीद करने वाले विभाग के पीएचओडी/सीएचओडी शिकायतों पर निर्णय लेने के लिए सक्षम अधिकारी से सहायता प्राप्त करने के लिए आंतरिक और बाहरी दक्ष पदाधिकारियों की समिति गठित कर सकते हैं (जैसाकि इस विषय से संबंधित आदेश के पैरा 9(घ) में प्रावधान है)। इस समिति को गठित करने का प्राधिकार आगे प्रत्यायोजित नहीं किया जाएगा।

(iii) बाहरी दक्ष पदाधिकारियों को किराए पर लेने के लिए प्रोफेशनलों जैसे चार्टर्ड एकाउन्टेंट, कॉस्ट एकाउन्टेंट आदि को किराए पर लेने के लिए महाप्रबंधक की शक्तियों का प्रयोग किया जा सकता है।

(iv) कभी-कभी स्वतंत्र जांच के लिए समिति के गठन के लिए भी इसी प्रत्यायोजन का पालन किया जाएगा (जैसाकि इस विषय से संबंधित आदेश के पैरा 9(घ) में प्रावधान है)।

(घ) शिकायतों के लिए शुल्क: इस आदेश के अंतर्गत कोई शिकायत दायर करने के लिए प्रति मामला

₹ 10,000/- का शुल्क होगा। शिकायत संबंधित खरीदकर्ता विभाग के पीएचओडी/सीएचओडी के कार्यालय में दायर किया जाएगा। शुल्क खरीदकर्ता विभाग के संबंधित पीएचओडी/सीएचओडी के संबद्ध वित्त कार्यालय में जमा किया जाएगा।

(ड.) बोलीदाताओं का निष्कासन: इस संबंध में, निम्नलिखित प्रक्रिया अपनाई जा सकती है:

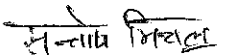
(i) सभी खरीदकर्ता संस्थाएं अपने वेबसाइट पर निष्कासन की अवधि और कारणों के साथ-साथ निष्कासित बोलीदाता/आपूर्तिकर्ता का नाम अपलोड करेंगी। इसके अलावा, वे इस सूचना को डीआईपीपी में स्थायी समिति के संयोजक सदस्य और गवर्नमेंट ई-मार्केटप्लेस (जीईएम) एण्ड सेंट्रल पब्लिक प्रोक्योरमेंट पोर्टल (सीपीपीपी) को उनके पोर्टल पर यह सूचना अपलोड करने के लिए भी भेजेंगे। जीईएम/सीपीपीपी इस सूचना को प्रदर्शित करने के लिए अपने पोर्टल पर एक अलग पेज बनाएगा।

(ii) ऐसी खरीदकर्ता संस्था जिन्हें निष्कासित कर दिया हो, को छोड़कर अन्य खरीदकर्ता संस्थाओं के संबंध में निष्कासन उस तारीख से प्रभावी होगा जिस तारीख को सूचना सीपीपीपी पर अपलोड की गई होगी ताकि चालू खरीद बाधित न हो। (यह विषय से संबंधित आदेश के पैरा 9(एच)(iii) के स्थान पर है।)

(च) नोडल मंत्रालयों की सूची : अनुलग्नक-बी के अनुसार।

विषय आदेश में यथा निर्धारित अन्य प्रावधान/शर्तें अपरिवर्तित रहेंगी।

इसे रेल मंत्रालय के वित्त निदेशालय की सहमति से जारी किया जाता है।

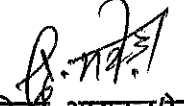

(संतोष मिश्र)

उप निदेशक रेल भण्डार(सा.)-I
रेलवे बोर्ड

सं. 2015/आरएस(जी)/779/5

नई दिल्ली, दिनांक 03.08.2017

1. प्रधान वित्त सलाहकार, सभी भारतीय रेलें एवं उत्पादन इकाइयां.
2. एडीएआई (रेलें), नई दिल्ली.
3. निदेशक, लेखा परीक्षा, सभी भारतीय रेलें.

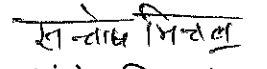

कृते वित्त आयुक्त/रेलें

सं. 2015/आरएस(जी)/779/5

नई दिल्ली, दिनांक 03.08.2017

प्रतिलिपि प्रेषित:

1. पीसीएमएम, पीसीई, सीएमई, सीईई, सीएसटीई, सभी भारतीय रेलें एवं उत्पादन इकाइयां, आरसीएफ/आरबीएल/नई दिल्ली, कॉफमो/नई दिल्ली, कोर/इलाहाबाद, डब्ल्यूपीओ और आरडब्ल्यूपी/बेला.
2. निदेशक-
 - क. भारतीय रेल सिगनल इंजीनियरी एवं दूरसंचार संस्थान, सिंकदराबाद
 - ख. भारतीय रेल यांत्रिक एवं बिजली इंजीनियरी संस्थान, जमालपुर
 - ग. भारतीय रेल बिजली इंजीनियरी संस्थान, नासिक
 - घ. वरिष्ठ प्रो. (सामग्री प्रबंधन), नेशनल अकादमी ऑफ इण्डियन रेलवे, वडोदरा
 - ड. भारतीय रेल सिविल इंजीनियरी संस्थान, पुणे
 - च. भारतीय रेल यातायात प्रबंधन संस्थान, लखनऊ
3. प्रबंध निदेशक, क्रिस, चाणक्यपुरी, नई दिल्ली
4. प्रबंध निदेशक, राइट्स, राइट्स भवन, सेक्टर-29, गुरुग्राम
5. निदेशक, लोह एवं इस्पात, 3, कोयला घाट स्ट्रीट, कोलकाता
6. कार्यपालक निदेशक (भंडार), अ.अ.मा.सं., लखनऊ
7. मुख्य रेल संरक्षा आयुक्त, लखनऊ
8. क्षेत्रीय रेल प्रशिक्षण संस्थान, सुकाडिया सर्कल, उदयपुर


(संतोष मिश्र)

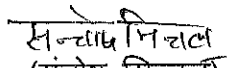
उप निदेशक रेल भण्डार(सा.)-I
रेलवे बोर्ड

सं. 2015/आरएस(जी)/779/5

नई दिल्ली, दिनांक 03.08.2017

प्रतिलिपि प्रेषित:

1. जनरल सेक्रेटरी, एआईआरफ, कमरा नं. 248 और एनएफआईआर, कमरा नं. 256-सी, रेल भवन
2. सेक्रेटरी जनरल, इरपोफ, कमरा नं. 268, फ़ोआ, कमरा नं. 256-डी, एआईआरपीएफए, कमरा नं. 256 डी, रेल भवन।


(संतोष मिश्र)

उप निदेशक रेल भण्डार(सा.)-I
रेलवे बोर्ड

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड) (RAILWAY BOARD)

No. 2015/RS(G)/779/5 (Vol. I)

New Delhi, dated 26.08.2019

The General Managers, All Indian Railways/PUs, NF(C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, RWP/Bela, COFMOW/NDLS, RCF/RBL/NDLS
CMDs/All Railway PSUs, KRCL, MRVC


Sub: Public Procurement (Preference to Make in India) Order, 2017 – Revision.

Ref: Railway Board's letters:-

- (i) No. 2015/RS(G)/779/5 dated 03.08.2017, 08-05-2018, 26-06-2018
- (ii) No. 2015/RS(G)/779/5 dated 07-08-2018.

In reference to the above, the revised 'Public Procurement (Preference to Make in India) Order, 2017' has been issued by the Ministry of Commerce and Industry (Department for Promotion of Industry and Internal Trade) vide their Order No. P-45021/2/2017-PP (BE-II) dated 29.05.2019, which is enclosed for guidance and implementation/compliance. The decisions of the Ministry of Railways on certain matters as required by the Policy and already issued vide Board's letters under reference, unless superseded, will continue to apply.

DA: as above.

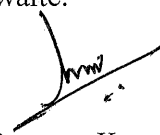

(Praveen Kumar)
Joint Director Railway Stores(G)
Railway Board

No. 2015/RS(G)/779/5 (Vol. I)

New Delhi, dated 26.08.2019

1. PFAs, All Indian Railways & PUs, etc.
2. The PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela
3. The Directors:-
 - a) Indian Railways Institute of Sig. Engg. & Telecom, Secunderabad
 - b) Indian Railways Institute of Mech. & Elect. Engg., Jamalpur
 - c) Indian Railways Institute of Elect. Engg., Nasik
 - d) Indian Railways Institute of Civil Engg., Pune
 - e) Indian Railways Institute of Traffic Management, Lucknow
4. MD, CRIS, Chanakya Puri, New Delhi
5. Sr. Prof. (Materials Management), NAIR, Vadodara

6. Executive Director (Stores), RDSO, Manak Nagar, Lucknow
7. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata
8. Chief Commissioner of Railway Safety, Lucknow
9. Zonal Railway Training Institute, Sukadia Circle, Udaipur
10. CMDs/MDs, RITES, IRCON, IRFC, CONCOR, KRCL, CRIS, IRCTC, RailTel, RVNL, MRVC, RCIL, DFCCIL, Burn Standard, Braithwaite.



(Praveen Kumar)
Joint Director Railway Stores(G)
Railway Board

Copy to:- PSO/Sr. PPS/PPS/PS to

1. MR, MoS(R)
2. CRB, FC, ME, MTR, MRS, MS, MT, MMM, MST, DG(Personnel), DG(RHS), DG(RPF), Secretary, Railway Board
3. All AMs, PEDs and All Executive Directors of Railway Board.

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

Udyog Bhawan, New Delhi
Dated: 29th May, 2019

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 3(a) and 14 modified and Para 10A added] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' 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.

'Local supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of 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 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.

.....Contd. p/2

'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.

'Works' means all works as per Rule 130 of GFR- 2017, and will also include 'turnkey works'.

3. Requirement of Purchase Preference : 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 local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder

- a. In procurement of all goods, services or works in respect of which the estimated value of procurement is less than INR 50 Lakhs, only local suppliers shall be eligible to bid. However, 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 local suppliers shall be eligible to bid irrespective of purchase value.

Provided that for any particular item, the Nodal Ministry / Department may also prescribe an upper threshold limit, below which procurement shall be made only from local suppliers.

Further provided that in any particular case of procurement, if the procuring authority is of the view that the goods, services or works of required quality / specifications etc. may not be available in the country, or sufficient capacity or competition does not exist domestically, and it is necessary to undertake global competitive bidding, the procuring authority may allow the same after recording reasons. In such cases, the provisions of sub-paragraph b or c, as the case may be, shall apply;

- b. In the procurements of goods or works which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed;

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
- ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bidder.

- c. In procurements of goods or works not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:-

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract will be awarded to L1.

- ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such local supplier subject to matching the L1 price.
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price, then the contract may be awarded to the L1 bidder.
4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
 5. **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
 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 local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
 - b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
 - c. 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.
 - d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.

.....Contd. p/4

- e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.
- g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.
- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;
 - ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
 - iii. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations:

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of local suppliers 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. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/ or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.

- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India."

10A. Action for non-compliance of the Provisions of the Order: In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.

- 11. Assessment of supply base by Nodal Ministries:** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.
- 12. Increase in minimum local content:** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.
- 13. Manufacture under license/ technology collaboration agreements with phased indigenization:** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.
- 14. Powers to grant exemption and to reduce minimum local content:** The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,
- a. reduce the minimum local content below the prescribed level; or
 - b. reduce the margin of purchase preference below 20%; or
 - c. exempt any particular item or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order.

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

- 15. Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

16. **Standing Committee:** A standing committee is hereby constituted with the following membership:

Secretary, Department for Promotion of Industry and Internal Trade—Chairman
Secretary, Commerce—Member
Secretary, Ministry of Electronics and Information Technology—Member
Joint Secretary (Public Procurement), Department of Expenditure—Member
Joint Secretary (DPIIT)—Member-Convenor

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


17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee

- 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.


(Arun Mahendru Bafra)
Senior Development Officer
Tel: 2306 2635