

F.No. 4(7)/Fin. (Estb-III)/15/part file/ 185)  
**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI**  
**FINANCE (Estb.-III) DEPARTMENT**  
**4<sup>TH</sup> LEVEL, 'A WING' DELHI SECRETARIAT**  
**I.P. ESTATE, NEW DELHI-110002.**  
**CD:-012415196**

Dated:- 19/9/18

**CIRCULAR**

Please find enclosed herewith the following letter no. 15039/147/2018-UT(Coord.) dated: 05/09/2018 (alongwith enclosures) received from Ministry of Home Affairs, Government of India seeking information regarding Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 – reg.

S. No.	Letter No. & date	Received from	Subject
1.	Letter No. 15039/147/2018-UT(Coord.) dated: 05/09/2018	Ministry of Home Affairs, Government of India	Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 – reg.

It is therefore requested to provide the relevant requisite information directly to Ministry both in hard & soft copy (e-mail at: [soplg@nic.in](mailto:soplg@nic.in)) under intimation to this office.

  
(MANOJ KUMAR)  
DY. SECRETARY, FINANCE

To:-

1. All Pr.Secretaries/Secretaries/Head of Department(s) of all the departments/Autonomous Bodies/Corporations under Govt. of NCT of Delhi.

Copy to:-

1. Sy. Analyst, Finance Department with the direction to upload the same on Website of Finance Department.

F.No.15039/147/2018-UT(Coord.)  
Government of India/Bharat Sarkar  
Ministry of Home Affairs/Grih Mantralaya

OFFICE OF THE DIVISION SECRETARY  
GOVT. OF NCT OF DELHI

07 SEP 2018

Delhi Sachivalaya

RECEIVED  
Govt. of INDIA  
SPEED POST

07 SEP 2018

CAD/2018/43139

Dy. No. ....  
North Block, New Delhi

Dated the 05 September, 2018

To

1. The Advisor to the Administrator, UT of Dadra & Nagar Haveli, Secretariat, Silvassa.
2. The Advisor to the Administrator, UT of Lakshadweep, Kavaratti.
3. The Chief Secretary, UT of Andaman and Nicobar Islands, Port Blair.
4. The Adviser to the Administrator, UT Chandigarh, Chandigarh.
5. The Advisor to the Administrator, UT of Daman & Diu Secretariat, Daman, Moti Daman.
6. The Chief Secretary, Government of Puducherry, Puducherry.
7. The Chief Secretary, Govt. of NCT of Delhi, Delhi Sachivalaya, I.P. Estate, New Delhi-110002.
8. The Commissioner of Police, Delhi Police Head Quarter I.P. Estate New Delhi.

Subject: Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 - regarding.

Sir,

I am directed to forward herewith a copy of Integrated Finance Division of MHA's communication No. 32/06/2018-Fin-III (CF 3427287) dated 08/08/2018 and 21/06/2018 (copy enclosed) along-with OM No. 7/7/2018-PPD dated 05/06/2018 of Department of Expenditure (Procurement Policy Division), Ministry of Finance on the above mentioned subject.

2. In this regard, it is requested to furnish a list of orders placed in the last three years on foreign suppliers or local suppliers with less than the required local content (less than 50%) to this Ministry both in hard & soft copy (e-mail at: [soplg@nic.in](mailto:soplg@nic.in)) by 15/09/2018, so that tender documents may be reviewed by SS & FA (HOME) within the stipulated time period of three months.

3. This may be given Top Most priority.

Yours faithfully,

Encl : As above

(M. N. Khan)  
Under Secretary to the Government of India  
Ph.: 23093147

1291/UT(CO682)

30/08/2018

CK NO-15173 105 (U) 118

8/8

F. No. 32/06/2018-Fin-III (CF 3427287)

GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS  
INTEGRATED FINANCE DIVISION

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Room No. 204, North Block, New Delhi

Dated the 8<sup>th</sup> August, 2018

Subject : - Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 - Reg.

The undersigned is directed to refer to this Division's OM of even no. dated 21<sup>st</sup> June, 2018(copy enclosed) on the subject mentioned above and to request that the requisite information may kindly be furnished to this Division within two weeks, so that tender documents could be reviewed by SS & FA (Home) within the stipulated time period of three months.

Encl: 02 copy

*[Signature]*  
28/08/2018  
(U.N. Sinha)

AFA (Fin - III)  
Tel. No. 23093291

To,

1. All Additional Secretaries/Joint Secretaries in the Ministry of Home Affairs
2. All Additional Secretaries/Joint Secretaries in DoPT/DARPG/DoP & W/Cab. Sectt./Official Language
3. CP (Delhi Police)
4. All FAs of CAPFs, CPOs, SPG, Delhi Police, NTRO

Copy for information to :

1. PS to SS & FA (Home)
2. Director (Fin-Home) / Director (Fin-Pers.)
3. All AFAs
4. Section Officer (IT) for uploading on MHA website

*[Signature]*

*[Signature]*

29.8.18

10/10/18

*[Signature]*  
29/8

MINISTRY OF HOME AFFAIRS  
INTEGRATED FINANCE DIVISION

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Room No. 204, North Block, New Delhi  
Dated the 21<sup>st</sup> June, 2018

**Subject : - Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 - Reg.**

Department of Industrial Policy and Promotion has issued Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII Order) dated 15<sup>th</sup> June, 2017 under Rule 153(iii) of GFR 2017 for promotion of domestic production of goods and services. As per clause 10 the order, restrictive and discriminative clauses cannot be included in procurement by Central Govt. agencies causing 'unreasonable exclusion' of domestic suppliers. In this regard, DoE, MoF has issued an OM No. 7/7/2018-PPD, dated 5<sup>th</sup> June, 2018 a copy of which is enclosed for compliance.

2. As per the said OM of Department of Expenditure, Ministry of Finance, the eligibility conditions in tender documents of procuring entities as per Clause 10(c) of the order are required to be reviewed by Financial Advisers (FAs) of all the Ministries/Departments within the next 3 months.

3. Accordingly, all the procuring entities are requested to provide a list of orders placed in the last three years on foreign suppliers or local suppliers with less than the required local content (less than 50%) within 2 months so that the tender documents may be reviewed by SS & FA (Home).

Encl: 01 copy

*U.N. Sinha*

21/06/2018  
(U.N. Sinha)

AFA (Fin - III)

Tel. No. 23093291

To,

1. All Additional Secretaries/Joint Secretaries in the Ministry of Home Affairs
2. All Additional Secretaries/Joint Secretaries in DoPT/DARPG/DoP&W/Cab. Secy./Official Language
3. CP (Delhi Police)
4. All FAs of CAPFs, CPOs, SPG, Delhi Police, NTRO

Copy for information to :

1. PS to SS & FA (Home)
2. Director (Fin-Home) / Director (Fin-Pers.)
3. All AFAs
4. Section Officer (IT) for uploading on MHA website

No F.7/2018-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

Office of S.S. & F.A. (Home)  
Diary No. 1262989  
IN. 5-6-18  
GWT 5-6-18

Room No. 516, Lok Nayak Bhawan,  
New Delhi dated the 5<sup>th</sup> June, 2018.

OFFICE MEMORANDUM

Subject: Implementation of Public Procurement (Preference to Make in India) Order (PPP-MII Order), 2017 - Reg.

Department of Industrial Policy and Promotion (DIPP) has issued Public Procurement (Preference to Make in India) Order 2017 (PPP-MII Order) dated 15.06.2017 under Rule 153 (iii) of General Financial Rules (GFRs), 2017, for promotion of domestic production of goods and services (copy attached). As per Clause 10 of the order, restrictive and discriminative clauses cannot be included in procurement by Central Government agencies causing "unreasonable exclusion" of domestic suppliers

2. In this regard, Financial Advisors (FAs) of all the Ministries/ Departments are also requested to review the eligibility conditions in tender documents of procuring entities under your Ministry/Department as per Clause 10 (c) of the order within the next 3 months so as to ensure that "unreasonable exclusions" are not perpetuated in tender eligibility conditions and the tenders are compliant with PPP-MII order, 2017. Grievances received on the CPPP portal and CPGRAMS on the PPP-MII order may also be reviewed to identify products/tenders where there could be issues. Procuring entities maybe, in the first place, asked to provide a list of orders placed in the last 3 years on foreign suppliers or local suppliers with less than the required local content (less than 50%) and you may specifically review the tender documents in such cases.

*K. Narayana Reddy*  
(K. Narayana Reddy)  
Under Secretary to the Govt. Of India  
Tel.No.24621305  
Email knreddy@gov.in

Financial Advisors of All Central Government Ministries/ Departments

Copy to

1. Secretaries to Government of India of all Ministries/Departments
2. Prime Ministers Office
3. Cabinet Secretariat

Dated 15<sup>th</sup> 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 to 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

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

- 3 Requirement of Purchase Preference: Subject to the provisions of this Order and to any special 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 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 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 no local supplier matches the L1 price and no local supplier matches the L1 price within the margin of purchase preference, 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 exempted 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.
10. False declarations will be in breach of the Code of Integrity under Rule 175(1)(ii)(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.
11. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order or 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:
- The fact and duration of debarment for violation of this Order by any procuring entity shall be promptly brought to the notice of the Member-Convenor of the Standing Committee of the Department of Expenditure through the concerned Ministry /Department or in any other manner;
  - on a periodical basis such cases are consolidated and a centralized list of debarred suppliers with the period of debarment is maintained and displayed on the website(s);
  - 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 in such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations

- Every procuring entity shall ensure that the eligibility conditions in respect of prior experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- Procuring entities shall endeavour to see that eligibility conditions including 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 and creditworthiness of the supplier.
- 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.
- 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 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.
- 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 include those entities which meet any of these tests with respect to India.

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 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 notification 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, 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 in preference to local content approved by the Cabinet after 1<sup>st</sup> January 2015, such policies shall 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 an inviting tender or other form of procurement solicitation has been issued before the issue of this Order.

S. S. Kataria  
Under Secretary to Government of India  
1-12-2015