

Member (Power System), CEA	Member
Member (Thermal), CEA	Convener

8. The complaint fee of Rs. 2 Lakhs or 1% of the value of the local item being procured (subject to maximum of Rs. 5 Lakhs), whichever is higher, shall be paid in the form of Demand Draft, drawn in favour of **PAO, CEA, New Delhi**. In case the complaint is found to be incorrect, the complaint fee shall be forfeited. In case, the complaint is upheld and found to be substantially correct, the deposited fee of the complainant would be refunded without any interest.

9. All other conditions, not stipulated in this order, shall be as laid down in the DPIIT's order No. P-45021/2/2017-PP (BE-II) dated 16.09.2020.

10. This order shall be applicable in respect of the procurement made by all attached or subordinate offices or autonomous bodies under the Government of India including Government Companies as defined in the Companies Act, and /or the States and Local Bodies making procurement under all Central Schemes/ Central Sector Schemes where the Scheme is fully or partially funded by the Government of India. The aforesaid orders shall also be applicable in respect of projects wherein funding of goods, services or works is by Power Finance Corporation (PFC) /Rural Electrification Corporation (REC) and any Financial Institution in which Government of India/ State Government share exists. This order shall be applicable to Tariff Based Competitive Bidding (TBCB) projects also. Procuring entities as defined in the DPIIT's Order dated 16.09.2020 are advised to revise their tender documents to fully comply with the said DPIIT's Order and the subsequent Orders that would be issued in this regard by DPIIT/ this Ministry from time to time.

11. All tenders for procurement by Central Government Agencies or the States and Local Bodies, as the case may be, have to be certified for compliance of the Public Procurement (Preference to Make in India) 'PPP-MII' Order by the concerned procurement officer of the Government Organization before uploading the same on the portal.

12. Exemption from meeting the stipulated local content is allowed as per clause 13 and 13A of PPP-MII Order dated 16.09.2020, if the manufacturer declares that the item is manufactured in India under a License from a foreign Manufacturer who holds Intellectual Property Rights (IPRs) and there is Transfer of Technology (ToT) with phasing to increase Minimum Local Content. For such items, if any CPSE under the administration of Ministry of Power requests exemption for any item, it shall be considered by Ministry of Power, on case to case basis.

13. In order to further encourage Make in India initiatives and promote manufacturing and production of goods and services in India, general guidelines as enclosed at **Annexure-II** may be adopted in an appropriate manner according to the circumstances by the procuring entities in their tendering process.

14. The procurers may specify the higher values of MLC than those specified in this Order in respect of goods, services or works covered in their tenders and award the weightage to the product of higher MLC for which they have to specify the criteria beforehand in their tender. The values given in Annexure-I are the minimum prescribed values for becoming a class-I local supplier for the products indicated therein.



15. This issues with the approval of Hon'ble Minister for Power and New & Renewable Energy.



(S. Majumdar)

Under Secretary to the Government of India

Tele No. 011- 23356938

To:

1. Secretary to Government of India (All Ministries/ Departments of Government of India) (As per list)
2. Secretary (Coordination), Cabinet Secretariat
3. CEO, NITI Aayog
4. Chief Secretaries of all States/ UTs
5. Comptroller and Auditor General of India
6. Secretary, DPIIT, Chairman of Standing Committee for implementation of Public Procurement Order, 2017
7. Director General, Bureau of Indian Standards (BIS)
8. Joint Secretary, DPIIT, Member-Convener of Standing Committee for implementation of Public Procurement Order, 2017
9. Chairperson, CEA
10. CMDs of CPSEs, CMD NLC, Chairman of DVC/ BBMB/ EESL, DGs of BEE/ CPRI/ NPTI
11. All Additional Secretaries/ JSs/ EA/ CE, Ministry of Power

Copy to:

Director (Technical), NIC with a request to publish the Order on the website of Ministry of Power

Extracts of important provisions contained in DPIIT Order No. P-45021/2/2017-PP (BE-II) dated 16-09-2020

1. **Definitions** (*Para 2 of DPIIT 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.

'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*'.

2. **Eligibility of 'Class-I local supplier'/ 'Class-II local supplier'/ 'Non-local suppliers' for different types of procurement** (*Para 3 of DPIIT order*)

(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 procurements 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 3(a) above, and with estimated value of purchases less than Rs 200 crores, 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. Purchase Preference (Para 3A of DPIIT order)

(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 procurements undertaken by procuring entities in the manner specified here under.

(b) In the procurements of goods or works, which are covered by para 3(b) of DPIIT Order No. P-45021/2/2017-PP(BE-II) dated 16-09-2021 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 procurements of goods or works, which are covered by para 3(b) of DPIIT Order No. P-45021/2/2017-PP(BE-II) dated 16-09-2021 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:

- iii. 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,
- iv. 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.
- v. 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.

4. **Applicability in tenders where contract is to be awarded to multiple bidders** (*Para 3B of DPIIT order*)-

In tenders where contract is to be 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 items to be procured, as notified by the Nodal Ministry, only 'Class-I local supplier' shall be eligible to bid. As such, the multiple supplier 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 supplier' as per provisions of this order.

c) If 'Class-I local supplier' 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 supplier' do not qualify for award of the contract for at least 50% of the tendered quantity, purchase preference should be given to the 'Class-I local supplier' over 'Class-II local supplier'/'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 or 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 constraints 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 stipulate in sub-paras above.

5. **Exemption of small purchases** (*Para 4 in DPIIT order*): 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.

6. **Minimum Local Content** (*Para 5 in DPIIT order*): 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 item 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.

7. Vide DPIIT OM No. P-45021/102/2019-BE-II Part(1) (E-50310) dated 4.03.2021 services such as transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. shall not be considered as local value addition. Bidders offering imported products will fall under the category of Non- local suppliers. They can't claim themselves as Class-I local suppliers/Class-II local suppliers by claiming the services such as transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. as local value addition.
8. **Margin of Purchase Preference** (*Para 6 of DPIIT order*): The margin of purchase preference shall be 20%.
9. **Specifications in Tenders and other procurement solicitations** (*Para 10 of DPIIT order*):
- 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 the 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 purchase 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 certification/ 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 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 PSEs/PSUs, for the next 5 years on their respective website."

Annexure-I

Sl. No.	Electrical Equipment for Generation, Transmission and Distribution sectors with sufficient local capacity and competition	Class-I Local Supplier (Minimum Local Content (%))
(A) Common items for Transmission, Distribution and Generation Sector		
1	Power Transformers (up to 765 kV, including Generator transformers)	60
2	Instrument Transformer (up to 765 kV)	60
3	Transformer Oil Dry Out System (TODOS)	60
4	Reactors up to 765 kV	60
5	Oil Impregnated Bushing (up to 400 kV)	60
6	Resin Insulated Paper (RIP) bushings (up to 145 kV)	50
7	Circuit Breakers (up to 765 kV AC - Alternating Current)	60
8	Disconnectors/Isolators (up to 765 kV AC)	60
9	Wave trap (up to 765 kV AC)	60
10	Oil Filled Distribution Transformers up to & Including 33 kV [Cold Rolled Grain Oriented (CRGO)/Amorphous, Aluminium/Copper wound]	60
11	Dry Type Distribution Transformer upto and including 33 kV (CRGO/Amorphous, Aluminium/Copper wound)	60
12	Conventional Conductor	60
13	Accessories for Conventional conductors	60
14	High Temperature/High Temperature Low Sag (HTLS) conductors (such as Composite core, GAP, ACSS, INVAR, AL59) and Accessories	60
15	Optical ground wire (OPGW) – all designs	60
16	Fiber Optic Terminal Equipment (FOTE) for OPGW	50
17	OPGW related Hardware and Accessories	60
18	Remote Terminal Unit (RTU)	50
19	Power Cables and accessories up to 33 kV	60
20	Control cables including accessories	60
21	XLPE Cables up to 220 kV	60
22	Substation Structures	60
23	Transmission Line Towers	60
24	Porcelain (Disc/Long Rod) Insulators	60
25	Bus Post Insulators (Porcelain)	60
26	Porcelain Disc Insulators with Room Temperature Vulcanisation (RTV) coating	50
27	Porcelain Longrod Insulators with Room Temperature Vulcanisation (RTV) coating	50
28	Hardware Fittings for Porcelain Insulators	60
29	Composite/Polymeric Long Rod Insulators	60
30	Hardware Fittings for Polymer Insulators	60
31	Bird Flight Diverter (BFD)	60
32	Power Line Carrier Communication (PLCC) System (up to 800 kV)	60
33	Gas Insulated Switchgear (up to 400 kV AC)	60
34	Gas Insulated Switchgear (above 400 kV AC)	50
35	Surge/Lightning Arrester (up to 765 kV AC)	60
36	Power Capacitors	60
37	Packaged Sub-station (6.6 kV to 33 kV)	60
38	Ring Main Unit (RMU) (up to 33 kV)	60
39	Medium Voltage (MV) GIS Panels (up to 33 kV)	60
40	Automation and Control System/Supervisory Control and data Acquisition (SCADA) System in Power System	50
41	Control and Relay Panel (including Digital/Numerical Relays)	50
42	Electrical Motors 0.37 kW to 1 MW	60
43	Energy Meters excluding smart meters	50
44	Control & power cables and Accessories (up to 1.1 kV)	60
45	Diesel Generating (DG) set	60