Purchase Preference as per ITB 28.1

Preference for

(i) Procurement of goods/services/works from 'Local Suppliers' under Public Procurement (Preference to Make in India) Order, 2017 (**PPP-MII Order**) issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India vide order dated 15/06/2017, its revision dated 29/05/2019, **'Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of Transmission Power Sector ' order dated 20/12/2018 issued by Ministry of Power** (**MoP Order December 2018**) and any subsequent modifications/Amendments, if any, and

(ii) Procurement of Goods /Services from Micro and Small Enterprises (MSEs) under the Public Procurement Policy for Micro and Small Enterprises (MSEs) order 2012, **Public Procurement Policy for Micro and Small Enterprises (MSEs) Amendment Order 2018 and any subsequent modifications/Amendments, if any**

In line with the aforesaid orders, purchase preference shall be given to Local Suppliers and MSEs as follows:

(i) For the purpose of purchase preference,

'Local Content' shall mean the amount of value added in India which shall be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

'Local Supplier' means a supplier or service provider whose product or service offered for procurement meets the Minimum Local Content.

'MSE' means Micro and Small Enterprises (MSEs) registered with District Industries Centers (DICs) or Khadi & Village Industries Commission (KVIC) or Khadi & Industries Board (KVIB) or Coir Board or National Small Industries Corporation (NSIC) or Directorate of Handicrafts and Handlooms or Udyog Aadhar Memorandum or any other body specified by Ministry of Micro, Small and Medium Enterprises

'Minimum Local Content' is 50% presently.

The lowest evaluated bid before e-Reverse auction (e-RA) shall be denoted as X1. The lowest evaluated bid after e-RA shall be denoted as L1. In cases where e-RA is not conducted, L1=X1=lowest evaluated bid.

'Margin of Purchase Preference' under PPP-MII order means the maximum extent to which the price quoted by a Local Supplier may be above the X1 for the purpose of purchase preference. Presently, this margin is 20%.

(ii) In case L1 bid is from a 'Local Supplier' who is an MSE, the contract shall be awarded to L1.

(iii) In case L1 bid is from a 'Local Supplier' who is not an 'MSE'

1. **75%** of package award value shall be awarded to the L1 bidder.

2. A.1) In case of MSE bidder(s) not meeting **the MAAT ~~and LA~~ requirements of the** financial position criteria of QR [*i.e. 2.0(a) of Annexure-A (BDS)*], the lowest MSE bidder shall be considered for award of contract upto **25%** of package value under the MSE category at its own evaluated price, provided its price is lower than the L1 bidder's price **and subject to allocation of earmarked quantities to SC/ST and /or women owned MSEs.** If **25%** of package value cannot be awarded to such MSE bidder due to manufacturing capacity constraint, then next lowest MSE bidder, whose price is below the L1 bidder's price, shall be considered for award and so on until the **25%** of the package value is awarded on such MSE bidders whose prices are lower than the L1 bidder's price. Such MSE bidders shall not be considered for participation in e-RA.

A.2) In case total **25%** package award value cannot be awarded on such MSE(s) bidders, then the remaining package value out of **25%** package value shall be considered for award to those MSE bidders whose prices are within (+) 15% of X1 bidder's price subject to matching L1 price as per the procedure in para A.3 below.

A.3)a) All MSE bidder(s), whose Evaluated Bid Price as per ITB Sub Clause 27.6 prior to e-RA is within the range of +15% of the X1 shall be eligible for an opportunity to match L1 Price. If more than one MSE bidders agree to match the L1 price, they will be considered for award of upto **25%** (collectively) of the package award value and, for the purpose of award of contract, the same shall be equally divided amongst the MSE bidders who have agreed to match the L1 bidder. In case any one or more MSE bidders has/have manufacturing capacity constraint for award as per above equal division, they shall be considered for award value limited to their manufacturing capacity.

b)Further, if any of the eligible MSE bidder **is owned by Scheduled Caste/Scheduled Tribe or women** and agrees to match the L1 bidder, then **4% and 3% of the package award value shall be earmarked for such MSE bidders owned by SC/ST and women respectively, subject to manufacturing capacity**. **If there are no eligible MSE bidder owned by SC/ST and/or women agreeing to match the L1 bidder, the percentage earmarked for these categories shall be awarded on other eligible MSE bidders**.

3. Thereafter, the balance percentage of the package award value, if any, not awarded on eligible MSE bidders as per (2) above shall be awarded to L1 bidder.

(iv) In case L1 bid is from an 'MSE' who is not a 'Local Supplier'

1. 50% of the package award value shall be awarded to the L1 bidder.

2. Thereafter, the lowest evaluated bidder among the 'Local Suppliers' based on the price after e-RA#, will be invited to match the L1 price for the remaining 50% package award value subject to the 'Local Supplier's Evaluated Bid Price before e-reverse auction falling within the margin of purchase preference i.e. +20% of X1 and contract for that percentage of package award value shall be awarded to such 'Local Supplier' subject to matching the L1 price.

3. In case such lowest eligible 'Local Supplier' fails to match the L1 price or accepts less than offered percentage, the next higher 'Local Supplier' within the Margin of Purchase Preference shall be invited to match the L1 price for remaining percentage of package award value and so on, and the contract shall be awarded accordingly.

#For the purpose of 2 and 3 above, the order in which the Local Suppliers shall be given an opportunity to match L1 price will be in the order of their rank (lowest evaluated price first) determined as follows:

- *Price after e-RA in case of eligible Local suppliers shortlisted for e-RA*
- *Price before e-RA in case of eligible Local suppliers not shortlisted for e-RA*

4. In case some percentage of package award value is still left uncovered on 'Local Suppliers' then such balance percentage of package award value shall also be awarded on the L1 bidder.

(v) In case L1 bid is neither from a 'Local Supplier' nor an 'MSE'

1. 50% of the package award value shall be awarded to the L1 bidder.

2.A.1) In case of MSE bidder(s) not meeting **the MAAT ~~and LA~~ requirements of** the financial position criteria of QR [*i.e. 2.0(a) of Annexure-A (BDS)*], the lowest MSE bidder shall be considered for award of contract upto **25**% of package value under the MSE category at its own evaluated price, provided its price is lower than the L1 bidder's price **and subject to allocation of earmarked quantities to SC/ST and /or women owned MSEs**. If **25**% of package value cannot be awarded to such MSE bidder due to manufacturing capacity constraint, then next lowest MSE bidder, whose price is below the L1 bidder's price, shall be considered for award and so on until the **25**% of the package value is awarded on such MSE bidders whose prices are lower than the L1 bidder's price. Such MSE bidders shall not be considered for participation in e-RA.

A.2) In case total **25**% package award value cannot be awarded on such MSE(s) bidders, then the remaining package value out of **25**% package value shall be considered for award to those MSE bidders whose prices are within (+) 15% of X1 bidder's price subject to matching L1 price as per the procedure in para A.3 below.

A.3)a) All MSE bidder(s), whose Evaluated Bid Price as per ITB Sub Clause 27.6 prior to e-RA is within the range of +15% of the X1 shall be eligible for an opportunity to match L1 Price. If more than one MSE bidders agree to match the L1 price, they will be considered for award of upto **25%** (collectively) of the package award value and, for the purpose of award of contract, the same shall be equally divided amongst the MSE bidders who have agreed to match the L1 bidder. In case any one or more MSE bidders has/have manufacturing capacity constraint for award as per above equal division, they shall be considered for award value limited to their manufacturing capacity.

b) Further, if any of the eligible MSE bidder **is owned by Scheduled Caste/Scheduled Tribe or women** and agrees to match the L1 bidder, then **4% and 3% of the package award value shall be earmarked for such MSE bidders owned by SC/ST and women respectively, subject to manufacturing capacity**. **If there are no eligible MSE bidder owned by SC/ST and/or women agreeing to match the L1 bidder, the percentage earmarked for these categories shall be awarded on other eligible MSE bidders**.

3. Thereafter, the lowest evaluated bidder among the 'Local Suppliers' (who may include MSEs meeting the stipulated financial position criteria of QR as well) based on the price after e-RA#, will be invited to match the L1 price for percentage equal to [50% of the package award value - the percentage of the package award value to be awarded on MSE bidders as per (2) above], subject to the 'Local Supplier's Evaluated Bid Price before e-reverse auction falling within the Margin of Purchase Preference i.e. +20% of X1 and contract for that percentage shall be awarded to such 'Local Supplier' subject to matching the L1 price.

4. In case such lowest eligible 'Local Supplier' fails to match the L1 price or accepts less than the offered percentage, the next higher 'Local Supplier' within the Margin of Purchase Preference shall be invited to match the L1 price for remaining percentage and so on, and the contract shall be awarded accordingly.

 # For the purpose of 3 and 4 above, the order in which the Local Suppliers shall be given an opportunity to match L1 price will be in the order of their rank (lowest evaluated price first) determined as follows:

- *Price after e-RA in case of eligible Local suppliers shortlisted for e-RA*
- *Price before e-RA in case of eligible Local suppliers not shortlisted for e-RA*

5. Whatever percentage of package award value is left uncovered after allocation to MSEs and 'Local Suppliers' shall also be awarded to the L1 bidder, who is neither an MSE nor a 'Local Supplier'.

(vi) The 'Local Supplier' shall give a self-certification in his bid in the given format, certifying that the item offered meets the Minimum Local Content and shall give details of the location(s) at which value addition is made. Further, in case of packages above Rs. 10 Cr, the 'Local Supplier' shall provide a certificate from 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. Any false declaration regarding Local Content by the bidder shall be a transgression of Integrity Pact and action shall be taken in line with provisions of the Integrity Pact and in line with the provisions of the PPP-MII Order. Further, in case a 'Local Supplier' emerges as L1 bidder after e-RA / agrees to match L1 price, he shall be required to re-submit the aforesaid certificate(s) stating that the item(s) offered meets Minimum Local Content considering the revised prices.

(vii) The firms, who are under the category of Micro and Small Enterprises (MSEs), shall submit documentary evidence with regard to registration with District Industries Centers (DICs) or Khadi & Village Industries Commission (KVIC) or Khadi & Industries Board (KVIB) or Coir Board or National Small Industries Corporation (NSIC) or Directorate of Handicrafts and Handlooms or Udyog Aadhar Memorandum or any other body specified by Ministry of Micro, Small and Medium Enterprises. **Further, firms, who are under the category of MSEs owned by SC/ST or MSEs owned by women, shall submit documentary evidence in support of the same**.