

**Purchase Preference as per ITB 28.1**

Preference for procurement of goods/services/works from 'Class -I local suppliers' under Public Procurement (Preference to Make in India) Order, 2017

In line with Public Procurement (Preference to Make in India) Order, 2017 issued by Department for promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India vide order dated 15/06/2017, its revision dated **16/09/2020** (PPP-MII Order),

#'Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of Power Sector' order dated 16/11/2021 issued by Ministry of Power (MoP Order)

Or

# Public Procurement (Preference to Make in India) Order, 2017- Notification of Telecom products, Services or Works issued by Department of Telecommunications (DoT), Ministry of Communications, Government of India, vide Notification dated 29.08.2018 (DoT Order)

*[# Choose as applicable while preparing bidding documents/amendments]*

and any subsequent modifications/Amendments, if any, 'Class -I local suppliers' shall be eligible for purchase preference as follows:

- (i) For the purpose of purchase preference under the PPP-MII Order

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

**'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'. Presently, the local content requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%\*.**

**'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement meets the minimum local content**

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as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier'. Presently, for 'Class-II local supplier', the 'local content' requirement is minimum 20%\*.

The lowest evaluated bid before 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' means the maximum extent to which the price quoted by a 'Class -I local supplier' may be above the X1 for the purpose of purchase preference. Presently, this margin shall be 20%.

- (ii) If L1 bid is from a 'Class -I local supplier', the contract will be awarded to L1.
- (iii) If L1 bid is not from a 'Class -I local supplier', the lowest evaluated bidder among the 'Class -I local suppliers' based on the price after e-RA# will be invited to match the L1 price subject to 'Class -I local supplier's' Evaluated Bid Price before e-RA falling within the Margin of Purchase Preference i.e. +20% of X1 and the contract shall be awarded to such 'Class -I local supplier' subject to matching the L1 price.
- (iv) In case such lowest eligible 'Class -I local supplier' fails to match the L1 price, the eligible 'Class -I local supplier' with the next higher bid within the Margin of Purchase Preference as brought at (iii) above, shall be invited to match the L1 price, and so on, and the contract shall be awarded accordingly.

# For the purpose of iii and iv above, the order in which the 'Class -I local supplier' 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 'Class -I local supplier' shortlisted for e-RA
- Price before e-RA in case of eligible 'Class -I local supplier' not shortlisted for e-RA

- (v) In case none of the 'Class -I local supplier' within the Margin of Purchase Preference matches the L1 price, then the contract shall be awarded to the L1 bidder.
- (vi) 'Class-II Local supplier will not get purchase preference.

- (vii) The 'Class -I local supplier'/'Class-II Local supplier' shall give a self-certification in his bid in the given format, indicating the percentage of Local Content and certifying that the item offered meets the Local Content requirement for 'Class -I local supplier'/'Class-II Local supplier', as the case may be and shall give details of the location(s) at which value addition is made. Further, in case of packages

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above Rs. 10 Cr, the 'Class -I local supplier' / 'Class-II 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. 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 subject Order. Further, in case of price reduction during e-RA or while agreeing to match L1 price pursuant to the purchase preference extended, the revised prices shall be quoted ensuring that classification of the bidder ('Class -I local supplier' / 'Class-II Local supplier', as the case may be) remains unchanged.



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