

## **PROVISION FOR LOCAL SUPPLIERS TOWARDS PREFERENCE TO MAKE IN INDIA**

### **Tender value Rs. 50 Lakhs or less and where Nodal Ministry has communicated that there is sufficient local capacity & local competition:** **(Minimum local content, Margin of purchase preference – As specified in tender)**

1. The items / services are reserved for exclusive purchase from Local suppliers (i.e whose offered product or service meets the minimum local content) as per the “Public Procurement (Preference to Make in India) order 2017 of GOI, Dept of DIPP”. Only local suppliers shall be eligible for participation in the tender & MDL shall have right to place contract / order on local suppliers only. Techno-commercially qualified Local Supplier bidders will be considered for further processing.
2. Bidder must declare that the item and service offered meets the minimum local content & indicate its percentage in their offer which shall meet (or even offer more) required content as specified in tender. This declaration is necessary even if Custom Duty Exemption and / or ERV (if applicable) are not being sought. Following documents are to be submitted in technical offer-Part-I bid:
  - i. Local Component list i.e Items and services which are being procured / produced domestically by supplier in the system / equipment / service offered against tender. This list shall include all the components, raw materials, sub services etc.
  - ii. Foreign / Imported Component list i.e Items and services which are being supplied by bidder from outside India in the system / equipment / service offered against tender. This list shall include all the components, raw materials sub services etc.
  - iii. Bidders shall give the details of the location(s) at which the local value addition is made. Additionally, location(s) details from where foreign / imported components are being supplied be also informed.
  - iv. Bidders shall give the price break-up in percentage for “Local Component” and “Foreign / Imported Component”.
  - v. Custom duty applicable on FE component for all Foreign items.The Local Supplier is required to provide self-certification as per the format appended in tender.
3. In case of participation of MSE and Local Supplier against a same tender, MSE bidder will be given preference to match with L1 bidder as per Public Procurement Policy for MSEs Order 2012. MSE vendor will be evaluated with L1+15% bracket and whereas Local Supplier will be evaluated with L1+20% bracket as MSE doesn't fall under Public Procurement (Preference to Make in India) Order 2017 as per Public Procurement Policy for MSE Order 2012 and Public Procurement (Preference to Make in India) Order 2017 is not applicable for MSEs. Bidders declaring Local supplier / MSE status to seek benefits of only one policy of the two. Bidders are not be allowed to change their status from MSE to Local supplier & vice versa.
4. Local Suppliers must note that once the declaration / certification is committed by them at tender submission stage, the same cannot be altered at technical negotiation stage or after award of contract otherwise would be treated / considered as false declaration by bidder. If it is identified that the is difference in price receive & declaration made and local content is now not meeting the specified tender requirement (i.e only on the quoted price without any loading) then such bidder shall be disqualified and shall not be considered for ranking purpose.

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5. Categorical rejection of offers: Bidders not accepting Public Procurement (preference to Make in India) order 2017, Bidders who is found debarred based on the information uploaded on GeM / CPPP Portals as on tender due date & time and Bidders not meeting the definition and / or criteria of local supplier and minimum local content specified in the tender.
6. MDL has right to negotiate with L1 bidders on the prices further as per the extent procedure based on comparisons with MDL estimates. This shall be without changing / disturbing the proposition of Local to FE content for respective item as well as overall quoted prices in eqpt & services.
7. All bidders should upfront declare line item wise custom duty duly certified. Such declared custom duty percentage will only be considered for arriving local content. In the event if the rate of custom duty is found higher than the declared custom duty by bidder, then the bidders declaration in tender shall be final for arriving L1 bid. Also in such case the difference in custom duty would be to bidders account. In case of foreign bidders, the same would be to bidders account and shall not be borne or reimbursed by Shipyard. In the event of rate of custom duty happens to be lower at the time of clearance of goods, then actual custom duty shall be payable.  
Notwithstanding above, local content shall be calculated based on the declared custom duty by the bidder in techno-commercial bid.
8. After the contract is awarded and the supplies are completed, each supplier shall provide the supporting documentation towards realization of committed Local Content as per the contract / order terms & conditions. In addition to these documents, a "Local content certificate" also shall be submitted stating the percentage of local content in the items or services measured. The "Local content certificate" shall be submitted along with the invoice.

### **Tenders more than Rs. 50 Lakhs:**

(Minimum local content, Margin of purchase preference – As specified in tender)

1. MDL reserves right to consider Local supplier (i.e whose offered product or service meets the minimum local content of tender) in case of emerged L1 bidder is Non Local supplier & quoted prices of Local suppliers are in the bracket of L1 + 20% and agree to match with L1 prices as per the "Public Procurement (Preference to Make in India) order 2017 of GOI, Dept of DIPP".
2. Following shall be the Purchase preference: Items / goods "divisible" in nature:
  - 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 supplier, will be invited to match the L1 price for the remaining 50% quantity subject to 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,

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- 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.
- iii. If in the opinion of MDL, the tender cannot be divided in the manner as stated above i.e 50:50, MDL shall have the right to award contract on eligible LS for the quantities as may be divisible & desired in tender.
3. Following shall be the Purchase preference: Items / goods / services “not divisible” in nature:
- 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 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. Bidder must declare that the item and service offered meets the minimum local content & indicate its percentage in their offer which shall meet (or even offer more) required content as specified in tender. This declaration is necessary even if Custom Duty Exemption and / or ERV (if applicable) are not being sought. Following documents are to be submitted in technical offer-Part-I bid:
- i. Local Component list i.e Items and services which are being procured / produced domestically by supplier in the system / equipment / service offered against tender. This list shall include all the components, raw materials, sub services etc.
  - ii. Foreign / Imported Component list i.e Items and services which are being supplied by bidder from outside India in the system / equipment / service offered against tender. This list shall include all the components, raw materials sub services etc.
  - iii. Bidders shall give the details of the location(s) at which the local value addition is made. Additionally, location(s) details from where foreign / imported components are being supplied be also informed.
  - iv. Bidders shall give the price break-up in percentage for “Local Component” and “Foreign / Imported Component”.
  - v. Custom duty applicable on FE component for all Foreign items.

The Local Supplier is required to provide self-certification as per the format appended in tender.

Note: In cases of procurement for value in excess of Rs. 10 Crores, the local supplier shall be required to provide a certificate from statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of supplier other than companies) giving the percentage of local content & applicable item wise custom duty.

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5. In case of participation of MSE and Local Supplier against a same tender, MSE bidder will be given preference to match with L1 bidder as per Public Procurement Policy for MSEs Order 2012. MSE vendor will be evaluated with L1+15% bracket and whereas Local Supplier will be evaluated with L1+20% bracket as MSE doesn't fall under Public Procurement (Preference to Make in India) Order 2017 as per Public Procurement Policy for MSE Order 2012 and Public Procurement (Preference to Make in India) Order 2017 is not applicable for MSEs. Bidders declaring Local supplier / MSE status to seek benefits of only one policy of the two. Bidders are not be allowed to change their status from MSE to Local supplier & vice versa.
6. Local Suppliers must note that once the declaration / certification is committed by them at tender submission stage, the same cannot be altered at technical negotiation stage or after award of contract otherwise would be treated / considered as false declaration by bidder. If it is identified that the is difference in price receive & declaration made and local content is now not meeting the specified tender requirement (i.e only on the quoted price without any loading) then such case is to be processed without any purchase preference as Non-Local Supplier.
7. Categorical rejection of offers: Bidders not accepting Public Procurement (preference to Make in India) order 2017 and Bidders who is found debarred based on the information uploaded on GeM / CPPP Portals as on tender due date & time.
8. MDL has right to negotiate with L1 bidders on the prices further as per the extent procedure based on comparisons with MDL estimates. This shall be without changing / disturbing the proposition of Local to FE content for respective item as well as overall quoted prices in eqpt & services. Negotiation will be with L1 (Non-Local supplier) rate & based on the negotiated rates Local Suppliers shall be approached for grant of preference.
9. All bidders should upfront declare line item wise custom duty duly certified. Such declared custom duty percentage will only be considered for arriving local content. In the event if the rate of custom duty is found higher than the declared custom duty by bidder, then the bidders declaration in tender shall be final for arriving L1 bid. Also in such case the difference in custom duty would be to bidders account. In case of foreign bidders, the same would be to bidders account and shall not be borne or reimbursed by Shipyard. In the event of rate of custom duty happens to be lower at the time of clearance of goods, then actual custom duty shall be payable.  
Notwithstanding above, local content shall be calculated based on the declared custom duty by the bidder in techno-commercial bid.
10. After the contract is awarded and the supplies are completed, each supplier shall provide the supporting documentation towards realization of committed Local Content as per the contract / order terms & conditions. In addition to these documents, a "Local content certificate" also shall be submitted stating the percentage of local content in the items or services measured. The "Local content certificate" shall be submitted along with the invoice.

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