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सचिव (व्यय)
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F.No. 6/18/2019-PPD

23rd July, 2020

To

The Chief Secretary of all States/UTs
(Through email)

Dear Sir/Madam,

Sub: Restrictions on public procurement from bidders of certain countries

As you are aware, State Governments play a vital role in national security and the defence of India. The Government of India's General Financial Rules have been amended to provide for restrictions on procurement from bidders from a country or countries or class of countries on grounds of defence of India or matters directly or indirectly related thereto, including national security. An Order has been issued thereunder requiring prior registration of bidders from countries sharing a land border with India. Copies of (i) the amendment to the General Financial Rules; (ii) Order (Public Procurement No. 1) dated 23rd July 2020 prescribing the requirement of registration; and (iii) Order (Public Procurement No. 2) dated 23rd July 2020 exempting a class of countries, are attached herewith.

2. Keeping in view the circumstances, it is imperative for the defence of India and national security that the same restrictions be applied in respect of procurement by State Governments and their public undertakings as well as in Public Private Partnership (PPP) projects receiving financing from state governments. Under the Seventh Schedule of the Constitution, defence of India as well as trade and commerce with foreign countries are in the Union List.

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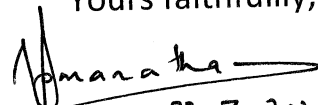
3. Accordingly, the undersigned is directed to convey that it has been decided by the Government of India that State Governments are required to implement the said Orders, in respect of procurement by the State Government, by State Government public undertakings, local bodies and all agencies controlled by them as well as PPP projects receiving financial support from State Governments or State Government public sector enterprises / undertakings.

4. In its application to States, as mentioned in the Notes under Annex I, the Order shall stand modified to the extent that the Competent Authority for registration shall be constituted by the State Government, with such membership as it may deem appropriate. However, political clearance from the Ministry of External Affairs and security clearance from the Ministry of Home Affairs before registration is necessary.

5. State Governments are requested to send a quarterly report to the Cabinet Secretary regarding the cases of registration given and denied.

6. For avoidance of doubt, it is clarified that this may be treated as a direction under Article 257 (1) of the Constitution.

Yours faithfully,


23.7.2020
(T.V. Somanathan)

Encl : a/a

O/o Secy (Exp)

Letter issued by Speed
Post / Email with enclosures
to all Chief Secretaries of
States / UTs.

Office Copy is enclosed
for your record.

PPS to SE

PPS to JS (PFC-I)