

Tender No. P1-TR-01/2018 (Corrigendum-XXI)

Date: 07/01/2019

**Tender No.** P1-TR-01/2018, dt 26.02.2018

**Name of Work:** Design, Supply, Installation, Testing and Commissioning of Receiving Cum Auxiliary Main Cum Traction Substations including High Voltage Cabling from Grid Substation, 33 KV Cable Network, ASS & SCADA System for Pune Metro Rail Project.

Addendum No. 5

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
1.	Part 1	Section II Bid Data Sheet	ITB 1.5	Pursuant to the policy of the Government of India for 'Make in India' and promoting manufacturing and production of goods and services in India, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry has issued 'Public procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15 <sup>th</sup> June 2017 and Office Memorandum F.No.K-14011/09/2014/UTII/ MRTS/C O-ORD of Govt. of India, Ministry of Housing and Urban Affairs dated 14th Nov 2017, both shall be applicable in this Bid. Bidders may refer to this 'Make in India' Policy 2017, which is elaborated at '3. Domestic Preference' under Section III. Evaluation and Qualification Criteria'. Provisions of above mentioned Policy Order shall be complied regarding local value addition. However, the provision related to price preference will not be applicable in this Bid.	This clause superseded by the clause at SN 8 of this Corrigendum-XXI Addendum No.5
2.	Part 3	Section IX. Particular Conditions	Part B - Specific Provisions (SN.66) - Additional Clause: Local Value Added	Pursuant to the policy of the Government of India for 'Make in India' and promoting manufacturing and production of goods and services in India, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry has issued 'Public Procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15th June 2017 and thereafter Ministry of Housing and Urban Affairs has issued Office Memorandum vide F.No.K-14011/09/2014/UTII/MRTS/C O-ORD dated 14th Nov 2017.	This clause superseded by the clause at SN 9 of this Corrigendum-XXI Addendum No.5

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				In terms of this Memorandum of Ministry of Housing and Urban Affairs, the minimum local content (value added in India) shall be 50% (Fifty percent). Compliance to the above mentioned DIPP Order and Memorandum of Ministry of Housing and Urban Affairs shall be mandatory.	
3.	Part 1	Section II Bid Data Sheet	ITB 11.4.1.7(1) 2 <sup>nd</sup> Para	The Technical Proposal shall provide adequate details to clearly demonstrate compliance with the local value addition requirement as per 'Make in India' Policy 2017 elaborated at '3. Domestic Preference' under Section III. Evaluation and Qualification Criteria'.	Clause retained.
4.	Part 1	Section II Bid Data Sheet	ITB 33.1	Refer to '3. Domestic Preference' under Section III. Evaluation and Qualification Criteria	Clause retained.
5.	Part 1	Section III Qualification Criteria and Requirements	3. Domestic Preference	<p>Provision under "Make In India Policy-2017"</p> <p>Pursuant to the policy of the Government of India for 'Make in India' and promoting manufacturing and production of goods and services in India, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry has issued 'Public Procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15th June 2017 and Office Memorandum F.No.K-14011/09/2014/UT-II/MRTS/C O-ORD of Govt. of India, Ministry of Housing and Urban Affairs dated 14th Nov 2017, both shall be applicable in this tender.</p> <p>1. Make in India Policy: 'Local Content' (Applicable to this Bid)</p> <p>The salient features of the said policy are highlighted below:</p> <p>(i) Local Content: '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.</p> <p>(ii) Local Supplier: 'Local Supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum 'Local Content' as prescribed under this Order or by the competent Ministries / Departments in pursuance of this order.</p>	Clause retained.

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				<p>The minimum 'Local Content' for the work shall be 50% for Bidder to be termed as Local Supplier, which should be certified as below:</p> <p>a. The 'Local Supplier' at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum 'Local Content' and shall give details of the location(s) at which the local value addition is made.</p> <p>b. The 'Local Supplier' shall be required to provide a certificate from the statutory auditor or cost auditor of the company (In case of companies) or from a practicing cost accountant or a practicing Chartered Accountant (in respect of suppliers other than companies) giving the percentage of 'Local Content', wherever the value of procurement exceeds Rs 10 Crores</p> <p>c. A committee with internal and external experts for independent verification of self-declarations and auditor's/accountants certificates may be constituted on random basis and in case of complaints.</p> <p>d. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a Bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.</p> <p>(iii) The Bidder shall be termed as 'Local Supplier', if the local content of the product for which the bid is submitted with supporting certification as mentioned above is more than 50%.</p> <p>2. Purchase Preference: (Not applicable to this Bid)</p> <p>Notes:</p> <p>1. Bidder should note that all required document as stipulated in this section are duly filled and signed by concerned statutory auditor or cost auditor or from a practicing cost accountant or a practicing Chartered Accountant, as case may be, along with selfcertification that the item offered meets the minimum 'Local Content' and shall give details of the location(s) at which the local value addition is made duly signed by POA for said Bid duly scanned and uploaded in the Pricing Document i.e. Section IV A Part 1 of the E-tender portal of MAHA-METRO.</p>	

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				2. In case Bidder fails to upload the details required as stipulated in Note 1 above then his Bid shall not be evaluated.	
6.	Part 1	Section IV Bidding forms	4.4 Bidder's Technical Submissions Clause.(K)	<p>Local Content</p> <p>The Bidder shall provide adequate details and demonstrate his proposed arrangement of compliance with the Make in India Policy 2017 i.e. minimum local value content of 50%. Bidders are encouraged to consider higher items in the value chain for local value addition.</p> <p>The details shall cover the item / subsystem / system to be proposed for local design / manufacture, the proposed vendor (or in-house), location of design / manufacturing facilities (available or proposed) in India, % cost / price of such item in the overall Bid Total etc. in the Appendix 4.4-I.</p>	Clause retained.
7.	Part 1	Section IV Bidding forms	Appendix 4.4-I:	Appendix 4.4-I: Proposal for compliance with Make In India Policy	Appendix retained.
8.	Corrigendum-IX-Annex-1.1st Addendum sheet		SN 95	<p>(1) Pursuant to the policy of the Government of India, Department of Industrial Policy and Promotion (DIPP) and Ministry of Housing and Urban Affairs (MoHUA) have issued 'Public Procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15th June 2017 and office Memorandum no. F.No. K-14011/09/2014/UT-II/MRTS-Coord dated 14th November 2017. With respect to the above policy the minimum local content in procurement value of the Electrical Power Supply Tender P1TR01/2018 shall be 50%. The Bidder shall be required to provide a self-certificate or a certificate from the statutory auditor or cost auditor giving the percentage only of minimum local content and this self-certificate or certificate from statutory auditor or cost auditor shall be enclosed with the bid uploaded in technical section of e-tender portal. Only percentage values shall be mentioned in these certificates and no financial values shall be mentioned.</p> <p>(2) In case only self-certificate as per para (1) above has been submitted, the Bidder shall also be required to provide a certificate from the statutory auditor or cost auditor of the</p>	Clause retained.

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				<p>company (in 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 as specified in above MoHUA referred order after the Last Date stipulated for Bid Submission but within 15 days from the Last Date stipulated for Bid Submission (For example, if the Last Date stipulated for Bid Submission is 15.07.2018, the certificate has to be submitted on or before 30.07.2018 during office hours). In case the certificate is not received within the stipulated time and duly signed by the person as above, the offer will be considered non-responsive and rejected; and the financial bid of such bidders shall not be opened. This local content should be greater than or equal to the minimum local content specified in Para (1) above for the bid submission to be a valid offer. Only percentage values shall be mentioned in these certificates and no financial values shall be mentioned.</p> <p>This Certificate shall be submitted physically in hard copy in the office of AGM(Proc)/Pune duly marked "Not to be Opened by Anyone except AGM (Procurement)" at the following address:  AGM(Procurement)  MAHARASHTRA METRO RAIL CORPORATION LIMITED, 101,  The Orion, Opposite Don Bosco Youth Centre, Koregaon Park,  Pune 411001 (INDIA)</p> <p>(3) For the purpose of purchase preference to the Indian Bidders, this tender is classified as 'Non-Divisible'. Point no. 3 and 6 of the enclosed order of DIPP letter No. P-45021/2/2017-B.E.-II dated 15th June 2017 would not be applicable as the purchase preference is not applicable for this Bid. Remaining contents of the order are valid and fully enforceable at any stage of procurement and contract execution. Procedure for verification process, if needed and penalty for violation shall be applicable as per the above-referred Order dated 15th June 2017.</p> <p>(4) For sake of clarity to Bidders, provisions of order of MoHUA letter No. P-45021/2/2017-B.E.-II dated 15th June 2017 (except point 3 and point 6) shall be complied by the Bidder, in case of</p>	

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				<p>any clarification / dispute regarding local content and subsequent processing, the order shall be referred for necessary actions.</p> <p>(5) The technical offers of the Bidders who do not comply / submit the documentation as per above Para (1) and (2) with respect to order of DIPP letter No. P-45021/2/2017-B.E.-II dated 15th June 2017 shall be rejected and considered non-responsive and their financial offers shall not be opened.</p> <p>The minimum local content will further be certified for compliance of indigenous content by successful Bidder and reviewed during the design finalization stage.</p>	
9.	Corrigendum-IX-Annex-1.1st Addendum sheet		SN 96	<p>Pursuant to the policy of the Government of India, Department of Industrial Policy and Promotion (DIPP) and Ministry of Housing and Urban Affairs (MoHUA) have issued 'Public Procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15th June 2017 and office Memorandum no. F. No. K-14011/09/2014/UT-II/MRTS-Coord dated 14th November 2017 (copy attached with PC Part B, Section IX for ready reference).</p> <p>In terms of this Memorandum of Ministry of Housing and Urban Affairs, the minimum local content (value added in India) shall be 50%. The Contractor's compliance to the above mentioned Order and Memorandum of Ministry of Housing and Urban Affairs shall be mandatory.</p> <p>Post award of Contract, the minimum local content will further be certified by 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 suppliers other than companies) for compliance of indigenous content by the Contractor and reviewed during the Design finalization stage. The Contractor has to compulsorily ensure the minimum local content as mentioned above in supplied items and services under this Contract.</p> <p>The provisions of enclosed order of DIPP letter No. P-45021/2/2017-B.E.-II dated 15th June 2017 (except point 3 and</p>	Clause retained.

SN	Part No.	Section	Clause ref.	Existing description ( Earlier deleted in Addendum – 4)	Replaced with
				point 6) shall be complied by the Contractor, in case of any clarification / dispute regarding local content and subsequent processing, the order shall be referred for necessary actions. Failing to adhere with the minimum local content during the design and execution stage of this Contract the course of action shall be as per the provisions of above policy.	
10.	2.	Corrig-IX-Annex-2. Reply of Pre-Bid queries Final	SN. 528	Bidders may refer to this 'Make in India' Policy 2017, which is elaborated at '3. Domestic Preference' under Section III. Evaluation and Qualification Criteria'. Provisions of above mentioned Policy Order shall be complied regarding local value addition. However, the provision related to price preference will not be applicable in this Bid.	This clause superseded by the clause at SN 8 of this Corrigendum-XXI Addendum No.5.
11.	2.	Corrig-IX-Annex-2. Reply of Pre-Bid queries Final	SN. 615	Pursuant to the policy of the Government of India for 'Make in India' and promoting manufacturing and production of goods and services in India, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry has issued 'Public Procurement (Preference to Make in India), Order 2017' vide No. P-45021/2/2017-B.E.-II dated 15th June 2017 and Office Memorandum F.No.K-14011 / 09 /2014 /UTII/MRTS/C O-ORD of Govt. of India, Ministry of Housing and Urban Affairs dated 14th Nov 2017, both shall be applicable in this Bid.	This clause superseded by the clause at SN 8 of this Corrigendum-XXI Addendum No.5.

**Note:** The above is to be read in conjunction with **Annexure – A (Make in India)** comprising of all the Make-in-India policy letters attached along with this Corrigendum.

for  
  
07.1.19/  
**GM/Procurement**  
Maha-Metro/Pune

F.No.K-14011/09/2014/UT-II/MRTS-Coord  
Government of India  
Ministry of Housing and Urban Affairs  
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311 B Wing, Nirman Bhawan  
New Delhi-110 011  
Dated the 14<sup>th</sup> November, 2017

**OFFICE MEMORANDUM**

Subject: Minutes of meeting held on 17.10.2017 at New Delhi under the chairmanship of Secretary (HUA) regarding Minimum Local Content in Procurement of Metro Rail Systems.

The undersigned is directed to refer to the above cited subject and to enclose herewith the minutes of the meeting held on 17.10.2017 regarding Minimum Local Content in Procurement of Metro Rail Systems for information and compliance.

Encls: As above.



(Rachna Kumar)

Under Secretary to the Government of India

Tele:23062935

Email: rachna.kumar@nic.in

To

1. Shri Mangu Singh, Managing Director, DMRC, Delhi.
2. Shri P.S. Kharola, Managing Director, BMRCL, Bangalore.
3. Smt. Ashwini Bhide, Managing Director, MMRCL, Mumbai.
4. Shri Pankaj Kumar Bansal, Managing Director, CMRL, Chennai
5. Shri I.P. Gautam, Managing Director, MEGA Co. Ltd. Gandhinagar.
6. Shri Kumar Keshav, Managing Director, LMRC, Lucknow.
7. Shri Elias George, Managing Director, KMRL, Kochi.
8. Shri Vinay Kumar Singh, Managing Director, NCRTC, Delhi.
9. Shri S. Sivamathan, Director (Finance), Maha-Metro, Mumbai.

Copy to:

Secretary, DIPP, Ministry of Commerce, Udyog Bhawan, New Delhi. (with reference to DIPP's Public Procurement (Preference to Make in India) Order 2017 dated 15<sup>th</sup> June, 2017.



(Rachna Kumar)

Under Secretary to the Government of India

**Government of India**  
**Ministry of Housing and Urban Affairs**

**Subject: Minutes of Meeting held on 17.10.2017 regarding Minimum Local Content in Procurement of Metro Rail Systems.**

The list of officers present during the meeting is annexed.

2. The issue of minimum percentage of local contents to be adopted in procurement of items by metro rail companies was discussed. After detailed deliberations, the following was decided:

- i) Minimum local content to be adopted for various systems for which, the quantity to be procured is above 100, should be as below:-
  - a. Rolling Stock - 40%: To be increased to 50% after one year.
  - b. Telecom - 40%: To be increased to 50% in two years.
  - c. Signalling - 30%: To be increased to 40% in two years and 50% in five years.
  - d. Civil - 60%.
  - e. Electrical-50%.
- ii) The above should be made part of eligibility criteria.
- iii) Provision of submission of additional bank guarantee of 10% by the firms availing margin of purchase preferences, should be included in the conditions.
- iv) For any deviation from the above, the metro companies may take approval of their respective boards.
- v) Margin of Purchase Preference should be kept at 10%.

List of Participants

**Meeting regarding Minimum Local Content in Procurement of Metro Rail Systems held on 17.10.2017 at 10.00 AM under the chairmanship of Secretary (HUA) in the Conference Room No.123, C-Wing, Nirman Bhawan, New Delhi.**

Ministry of Urban Development

1. Shri D.S. Mishra, Secretary
2. Shri Manoj Kumar, Additional Secretary (D&C)
3. Shri M.K. Sinha, OSD (UT) & EO JS
4. Shri Janardan Prasad, Director
5. Shri V.S. Pandey, Dy. Secretary
6. Smt. Rachna Kumar, Under Secretary

Delhi Metro Rail Corporation Limited

7. Shri Mangu Singh, Managing Director
8. Shri H. S. Anand, Director/ Rolling Stock
9. Shri Anoop Gupta, Director/ Electrical
10. Shri Manuj Singhal, CEE/Plg.

Chennai Metro Rail Limited

11. Shri Pankaj Kumar Bansal, Managing Director

Bangalore Metro Rail Corporation Limited

12. Shri P.S. Kharola, Managing Director

Mumbai Metro Rail Corporation Limited

13. Ms. Ashwini Bhide, Managing Director

MEGA Co. Ltd., Gandhinagar

14. Shri I.P. Gautam, Managing Director

Lucknow Metro Rail Corporation Limited

15. Shri Kumar Keshav, Managing Director

National Capital Territory

16. Shri Vinay Kumar Singh, Managing Director

Maha-Metro Rail Corporation Limited

17. Shri S. Sivamathan, Director (Finance)
18. Shri J.K. Nandanwar, ED/PL & Land

DM/DRSS/DF

No.K-14011/26/2018-MRTS-II  
Government of India  
Ministry of Housing and Urban Affairs  
(MRTS-II Desk)

322-C, Nirman Bhavan, New Delhi  
Date: 27th July, 2018

*Pl consult  
for info. and  
compliance.*

To

- 1) The Chief Secretary,  
Government of Telangana,  
Block-C, 3<sup>rd</sup> Floor, Telangana Secretariat,  
Khairatabad, Hyderabad.
- 2) The Chief Secretary,  
Government of Maharashtra,  
Main Building, Mantralaya, 6<sup>th</sup> Floor,  
Madame Cama Road,  
Mumbai-400032
- 3) The Municipal Commissioner  
Mumbai Metropolitan Region Development Authority,  
MMRDA Building, Bandra-Kurla Complex,  
Mumbai-400 051
- 4) The Municipal Commissioner,  
Pune Metropolitan Region Development Authority (PMRDA),  
Survey No. 152-153,  
Maharaja Sayaji Gaikwad Udyog Bhavan,  
Aundh, Pune - 411067
- 5) The Managing Director,  
Mumbai Metro Rail Corporation Ltd.,  
NaMTTRI Building, Plot No. R-13, 'E' Block,  
Bandra-Kurla-Complex, Bandra (E),  
Mumbai-400051
- 6) The Managing Director,  
Maha Metro  
Metro House, Bunglow No: 28/2,  
Anand Nagar, C K Naidu Road, Civil Lines,  
Nagpur-440001.
- 7) The Managing Director  
Hyderabad Metro Rail Ltd. (HMRL),  
Metro Rail Bhawan, Rasoolpura, Begumpet,  
Hyderabad-500 003 (Telangana)

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INWARD 4-8-12  
MAHA METRO RAIL CORPORATION LIMITED  
(NAGPUR METRO PROJECT) Contd.....on pg 2/

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**Subject: Mandatory Conditions/guidelines applicable to metro rail projects.**

Sir,

I am directed to refer to the above mentioned subject and to request that the following mandatory conditions/ guidelines should be adhered to in implementation of metro rail projects and while preparing any new proposal of metro rail project(s) seeking central financial assistance in the form of equity and sub-ordinate debt/grant or sovereign loan etc:

(i) Metro Rail Policy 2017 - With a view to systematically augment the metro rail transport in India, the Government of India has issued the Metro Rail Policy in August, 2017. The policy enables greater private participation, innovative financing and value capture finance and provides more options of financing by the government for creation of metro rail infrastructure. This policy will enable further boost in the growth of metro rail network in the country. This policy is available at the official website of Ministry of Housing and Urban Affairs(mohua.gov.in) at the following URL:  
[http://mohua.gov.in/upload/whatsnew/59a3f7f130eecMetro Rail Policy 2017.pdf](http://mohua.gov.in/upload/whatsnew/59a3f7f130eecMetro%20Rail%20Policy%202017.pdf).

(ii) Appraisal Guidelines for Metro Rail Project Proposals – All new metro rail proposals will be appraised as per the appraisal guidelines framed up by this Ministry, which is available at the official website of Ministry of Housing and Urban Affairs(mohua.gov.in) at the following URL.

<http://mohua.gov.in/upload/whatsnew/59c21852a4874Appraisal%20Framework%20Sept%202017.pdf>

(iii) Standardization of metro rail sub system. -In order to promote "Make in India" and bring down the cost of metro rail projects, the standards for metro rail signaling & telecom and rolling stock have been framed up and are available at official website of Ministry of Housing and Urban Affairs(mohua.gov.in) at the following URL:

<http://mohua.gov.in/upload/whatsnew/5ae177ce53876Final%20report%20of%20Rolling%20Stock%20Signaling%20Standardization%20-%202021.04.17.pdf>.

(iv) In order to encourage Indian manufacturers for rolling stock, ancillary manufacturers and to ensure optimum utilization of available resources in the country, the eligibility criterion for procurement of rolling stock has been framed by Government of India. This is available at the official website of Ministry of Housing and Urban Affairs(mohua.gov.in) at the following URL:  
<http://mohua.gov.in/upload/whatsnew/5b06a7b80d813eligibility%20criteria%20for%20rolling%20stock%20as%20on%2024%20may%202018.pdf>

- (v)(a) Directions contained in revised Public Procurement (Make in India) Order circulated by Department of Industrial Policy and Promotion (DIPP) vide order no. P-45021/2/2017- PP (BE-II) dated 28.05.2018 should be adhered to while procuring rolling stock, systems and other components of metro rail projects.
- (b) In order to promote 'Make in India' initiative and as envisaged under Public Procurement Order, 2017 mentioned above, Ministry of Housing and Urban Affairs has rationalized minimum local content and purchase preference for procurement of metro rail systems/equipment with a definitive plan for phased indigenization to the extent as detailed below:
- i) Minimum Local Content:
- a. Rolling Stock – 40%: To be increased to 50% from financial year 2019.
  - b. Telecom – 40% which could be increased to 50% from financial year 2020.
  - c. Signaling – 30% which could be increased to 40% from financial year 2020 and 50% from financial year 2023.
  - d. Civil – 80%
  - e. Electrical-50%.
- ii) Margin of Purchase Preference to be kept at 10%.
- ii) Provision of additional bank guarantee of 10% to be submitted by the firms availing margin of purchase preferences criteria.
- iii) For any deviation from the above, the metro companies may take approval of their respective boards.
- (b) Procurement of metro coaches:
- i) Metro rolling stock should be funded through equity/ counterpart funding/ domestic funding and not from sovereign loan from multilateral / bilateral financial institutions. Only after exhausting the counterpart funding limit for procurement of rolling stock, funding of signaling and system components from remaining limit of counterpart funding should be done. As imported component is maximum in rolling stock and signaling, this will ensure that "Make in India" objectives are achieved to its utmost.
- ii) Following mandatory conditions should be incorporated in all metro rolling stock tenders:
- a. Minimum 75% of the tendered quantity of cars shall be manufactured indigenously with progressively increased indigenous content.

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- b. For manufacture of these 75% cars, the contractor may either establish independent manufacturing facility in India or partner with a suitable Indian reputed manufacturer.
- c. To facilitate ease in maintenance and easy availability of spares during post warranty period, an identified list of critical equipment/ sub-systems shall be included in the tender document. Indigenous manufacturing of the listed items shall be ensured for manufacturing of minimum 25% of the tendered quantity of metro cars. This may either be achieved by the OEM themselves by establishing a wholly owned subsidiary in India or through a suitable Indian reputed manufacturer.

Yours faithfully,



(Ambuj Bajpai)

Under Secretary to the Government of India  
Tele: 011-23061294

DP/GM (Proc)

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20/7

NAGPUR METRO  
CORPORATION LIMITED

No. K-14011/09/2014/UT-II/MRTS-Coord  
Government of India  
Ministry of Housing & Urban Affairs

311-B, Nirman Bhawan,  
New Delhi, the 12<sup>th</sup> July, 2017.

To,

The Managing Director,  
All Metro Rail Corporations  
(As per list attached)

**Subject: Public Procurement (Preference to Make in India) order 2017.**


Sir,

I am directed to enclose herewith Public Procurement (Preference to Make in India) Order 2017 dated 15-06-2017 issued by Department of Industrial Policy & Promotion, Ministry of Commerce & Industry for encouraging 'Make in India' and promoting domestic manufacturing and production of goods and services.

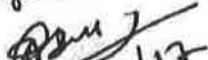
2. All the metro rail corporations are advised to revise the tender document for procurement in accordance with the above order.

Encls. As above.

Yours faithfully,

  
(Ambuj Bajpai)  
Under Secretary to the Government of India  
Ph 2306 2935

Pl speak.

  
25/7/17

JAM(A)

The Managing Director, Delhi Metro Rail Corporation Ltd., Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi-110 001	The Managing Director, Chennai Metro Rail Ltd., Admn. Building, CMRL Depot, Poonamallee High Road, Koyambedu, Chennai-600107
The Managing Director, Bangalore Metro Rail Corpn. Ltd., 3 <sup>rd</sup> Floor, BMTCC Complex, K.H. Road, Shanthinagar, Bangalore-560 027.	The Managing Director, Mumbai Metro Rail Corpn. Ltd., Bandra Kurla Complex, Bandra (East), Mumbai-400051.
The Managing Director, MEGA Co. Ltd, Karmayogi Bhavan, Behind Nirman Bhavan, Sector – 10/A, Gandhinagar – 382010.	The Managing Director Maha-Metro Rail Corporation Ltd, Metro House, 28/2 C.K Naidu Marg, Anand Nagar, Civil Lines Nagpur-440001.
The Managing Director, Lucknow Metro Rail Corpn. Ltd., JANPATH MARKET, HAZRATGANJ, Lucknow-226 001	The Managing Director, Kochi Metro Rail Ltd., 8 <sup>th</sup> Floor, Revenue Tower, Park Avenue, Kochi-682 011. Kerala.
The Managing Director, Noida Metro Rail Corporation Ltd. Block-3, 3 <sup>rd</sup> Floor, Ganga Shopping Centre, Sector-29 Noida (UP)	The Managing Director, National Capital Region Transport Corporation Limited, 7/6, AMDA Building, Siri Fort Institutional Area, August Kranti Marg, New Delhi-110049

Dated 15<sup>th</sup> June, 2017  
Udyog Bhawan, New Delhi

To

All Central Ministries/Departments/CPSUs/All concerned

**ORDER**

**Subject: Public Procurement (Preference to Make in India), Order 2017**

**Whereas** it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

**Whereas** procurement by the Government is substantial in amount and can contribute towards this policy objective, and

**Whereas** local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

**Now therefore the following Order is issued :**

1. This Order is issued pursuant to Rule 153 (iii) of the General Financial Rules 2017.
2. **Definitions:** For the purposes of this 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.

*'Local supplier'* means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of 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 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.

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'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

3 **Requirement of Purchase Preference:** 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 local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder:

- a. In procurement of goods in respect of which the Nodal Ministry has communicated that there is sufficient local capacity and local competition, and where the estimated value of procurement is Rs. 50 lakhs or less, only local suppliers shall be eligible. If the estimated value of procurement of such goods is more than Rs. 50 lakhs, the provisions of sub-paragraph b or c as the case may be, shall apply.
- b. In the procurements of goods which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed:
  - 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 suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the 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, 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.
- c. In procurements of goods not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:
  - 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 the 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.

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- 4 **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, 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.
- 5 **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
- 6 **Margin of Purchase Preference:** The margin of purchase preference shall be 20% .
- 7 **Requirement for specification in advance:** The minimum local content, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.
- 8 **Government E-marketplace:** In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised
- 9 **Verification of local content:**
  - a. The local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
  - b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the 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.
  - c. Decisions on complaints relating to implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity
  - d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.
  - e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
  - f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law
  - g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the

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duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities in the manner prescribed under paragraph 9h below.

- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
- i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner.
  - ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s).
  - iii. in respect of procuring entities other than the one which has carried out the debarment the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

#### 10 Specifications in Tenders and other procurement solicitations

- 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 local suppliers 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. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/ or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.
- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or (ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India."

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- 11 **Assessment of supply base by Nodal Ministries.** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.
- 12 **Increase in minimum local content.** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality
- 13 **Manufacture under license/ technology collaboration agreements with phased indigenization.** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content
- 14 **Powers to grant exemption and to reduce minimum local content** Ministries /Departments of Government of India and the Boards of Directors of Government companies or autonomous bodies may, by written order,
  - a. reduce the minimum local content below the prescribed level;
  - b. reduce the margin of purchase preference below 20% ,
  - c. exempt any particular item or procuring or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order

A copy of every such order shall be marked to the Member-Convenor of the Standing Committee constituted under this Order.

- 15 **Directions to Government companies** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.
16. **Standing Committee:** A standing committee is hereby constituted with the following membership

Secretary, Department of Industrial Policy and Promotion—Chairman  
Secretary, Commerce—Member  
Secretary, Ministry of Electronics and Information Technology—Member  
Joint Secretary (Public Procurement), Department of Expenditure—Member  
Joint Secretary (DIPP)—Member Convenor

The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration

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17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary but not less than once in six months. The Committee
- shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
  - shall annually assess and periodically monitor compliance with this Order
  - shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
  - may require furnishing of details or returns regarding compliance with this Order and related matters
  - may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
  - may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
  - may consider any other issue relating to this Order which may arise.
18. **Removal of difficulties.** Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.
19. **Ministries having existing policies.** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1<sup>st</sup> January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.
20. **Transitional provision** This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.

  
(B. S. Nayak)  
Under Secretary to Government of India  
Ph 23061257