

To be accepted by Bidder in GTE

Annexure-II to BDS

Sub: Preference to Make In India and Eligibility for Participation/ granting of Purchase Preference to Class-I local suppliers- regarding

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. In this regard, the following guidelines, concerning the procedure to be adopted for granting Eligibility for Participation/purchase preference to local suppliers, are hereby issued:

1.0 Definitions:

- a) **'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 goods, services or works procured (excluding net domestic indirect taxes) minus the value of imported content in the goods, services or works (including all customs duties) as a proportion of the total value, in percent.
- b) **'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.
'Class-II 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-II local supplier' but less than that prescribed for 'Class-I local supplier'.
'Non-Local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier'.

[The local content requirement to categorize a Bidder/Supplier as 'Class-I local supplier' is minimum 50%.

[The local content requirement to categorize a Bidder/Supplier as 'Class-II local supplier' is minimum 20%.]

- c) **'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.
- d) **'Margin of purchase preference'** means the maximum extent to which the evaluated bid price of a 'Class-I local supplier' may be above the L1 for the purpose of purchase preference.
- e) **Fraud Prevention Policy** – shall mean the policy related to prevention of fraud displayed on NTPC tender website <http://www.ntpc.co.in/>
- f) **Policy & Procedure for Debarment from Business Dealings** – shall mean the policy related to Debarment from Business Dealings forming part of Bidding Document.

2.0 Eligibility for Participation/Purchase Preference:

A. @ APPLICABLE FOR TENDERS WHERE ONLY CLASS-I LOCAL SUPPLIERS ARE ELIGIBLE TO BID, AS PER PARA 2.1 OF CIRCULAR:

2.1 Eligibility for Participation

a) *For tenders having lump sum evaluation:

Only Class-I local suppliers are eligible to Bid. Bids received (if any) from Class-II Local Supplier / Non Local Supplier shall be out rightly rejected.

b) *For tenders having item wise evaluation:

~~Only Class-I local suppliers are eligible to Bid for specified items in Bidding documents. Bids received (if any) for specified item(s) from Class-II Local Supplier / Non Local Supplier shall be considered non-responsive and shall not be evaluated in respect of such item(s).~~

~~B. @ APPLICABLE FOR TENDERS WHERE ONLY CLASS-I AND CLASS-II LOCAL SUPPLIERS ARE ELIGIBLE TO BID, AS PER PARA 2.2.1 OF CIRCULAR:~~

~~2.1 Eligibility for Participation~~

~~a) *For tenders having lump sum evaluation:~~

~~Only Class-I and Class-II Local Suppliers are eligible to Bid. Bids received (if any) from Non Local Supplier shall be out rightly rejected.~~

~~b) *For tenders having item wise evaluation:~~

~~Only Class-I and Class-II Local Suppliers are eligible to Bid for specified items in Bidding documents. Bids received (if any) for specified item(s) from Non Local Supplier shall be considered non-responsive and shall not be evaluated in respect of such item(s).~~

~~* C&M Co-ordinator to choose the applicable clause from above.~~

3.0 Purchase Preference [~~APPLICABLE FOR ALL TENDERS EXCEPT THOSE MENTIONED AT PARA 2.1 OF CIRCULAR~~]:

3.1 Margin of Purchase Preference

~~The margin of purchase preference shall be 20%.~~

3.2 ~~Purchase preference shall be given to 'Class-I local suppliers' as specified hereunder:~~

~~a) Procurements where MSE benefits are not applicable:~~**

~~** (i) In all procurements where MSE benefits are not applicable and where splitting of quantity/divisibility of tender has been specified in the bidding documents, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:~~

- ~~• Among all qualified bids, the lowest evaluated bid will be termed as L-1. If L-1 is 'Class-I local supplier', the contract for full quantity will be awarded to L-1.~~
- ~~• If L-1 is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L-1. Thereafter, the lowest evaluated bidder among the 'Class-I local supplier' will be invited to match the lowest evaluated bid (L1) price for the remaining 50% quantity subject to the Class-I local supplier's evaluated price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the lowest evaluated bid (L1) price. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I local supplier' within the margin of purchase preference shall be invited to match the lowest evaluated bid (L1) price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.~~

~~** (i) In all procurements where MSE benefits are not applicable and which are not divisible in nature and the same has been specified in bidding documents, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:~~

- ~~• Among all qualified bids and substantially responsive bids, the lowest bid will be termed as L-1. If L-1 is 'Class-I local supplier', the contract will be awarded to L-1.~~
- ~~• If L-1 is not 'Class-I local supplier', the lowest evaluated bidder among the 'Class-I local supplier', will be invited to match the lowest evaluated bid (L1) price subject to Class-I local supplier's evaluated price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the lowest evaluated bid (L1) price.~~
- ~~• In case such lowest eligible 'Class-I local supplier' fails to match the lowest evaluated bid (L1) price, the 'Class-I local supplier' with the next higher evaluated bid within the margin of purchase preference shall be invited to match the lowest evaluated bid (L1) price and so on and contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the~~

~~margin of purchase preference matches the lowest evaluated bid (L1) price, the contract may be awarded to the L1 bidder.~~

- ~~(ii) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by NTPC.~~
- ~~(iii) For the purpose of matching of lowest evaluated bid (L1) price, the Class-I local supplier would have to necessarily reduce all components of the quoted price on pro-rata basis. The reduction should not apply on the evaluation loading on account of functional guarantees and other loadings (if any, which are not dependent on quoted price). Further, the Contract shall be awarded on such revised/ reduced quoted price. The summation of the revised / reduced quoted price and the evaluation loading on account of functional guarantees and other loadings (if any) shall be equal to the lowest evaluated bid (L1) price.~~

Notes:

- ~~• ****In case of item-wise tenders, where evaluation is done for each item and each item is awarded to L1 bidder for that item, the aforesaid procedure shall be followed item-wise.**~~
- ~~• ****In case of Reverse Auction (RA), the Purchase Preference for Class-I local suppliers shall be applicable on the lowest evaluated bid price after RA. The order in which the Class-I Local Suppliers shall be given an opportunity to match lowest evaluated bid (L1) price after RA will be in the order of their rank determined based on the evaluated bid price after RA.**~~

OR

~~****b) Procurements where MSE benefits are applicable**~~

- ~~**** (i) In case of tenders, where preference to MSE is applicable and where splitting of quantity is not possible and the same is specified in bidding documents:**~~

~~The following procedure shall be followed:~~

- ~~• Among all qualified and substantially responsive bids, the lowest evaluated bid will be termed as L1.~~
- ~~• If L1 bid is from an MSE, the contract will be awarded to L1.~~
- ~~• If L1 Bid is not from an MSE, the lowest evaluated bidder among the MSEs, will be invited to match the lowest evaluated bid (L1) price subject to MSE's evaluated bid price falling within the fifteen (15%) of the lowest evaluated bid (L1) price and the contract shall be awarded to such MSE subject to matching the lowest evaluated bid (L1) price. In case such~~

~~lowest eligible MSE fails to match the lowest evaluated bid (L1) price, the MSE with the next higher evaluated bid within fifteen (15%) of the lowest evaluated bid (L1) price shall be invited to match the lowest evaluated bid (L1) price and so on and contract shall be awarded accordingly.~~

- ~~• In case none of the MSEs within the fifteen (15%) of the lowest evaluated bid (L1) price matches the lowest evaluated bid (L1) price, then the contract may be awarded to the L1 bidder, if L1 bid is from a Class-I local supplier.~~
- ~~• If L1 Bid is neither from a Class-I local supplier nor from MSEs, the lowest evaluated bidder among the Class-I local suppliers, will be invited to match the lowest evaluated bid (L1) price subject to Class-I local supplier's evaluated bid price falling within the margin of purchase preference (i.e. 20%) and the contract shall be awarded to such Class-I local supplier subject to matching the lowest evaluated bid (L1) price. In case such lowest eligible Class-I local supplier fails to match the lowest evaluated bid (L1) price, the Class-I local supplier with the next higher evaluated bid within the margin of purchase preference shall be invited to match the lowest evaluated bid (L1) price and so on and contract shall be awarded accordingly. In case none of the Class-I local suppliers within the margin of purchase preference (i.e. 20%) matches the lowest evaluated bid (L1) price, then the contract may be awarded to the L1 bidder.~~

~~ (i) In case of tenders, where preference to MSE is applicable and where splitting of quantity is possible & condition pertaining to splitting of quantity is specified in tender documents:~~**

- ~~• Among all qualified and substantially responsive bids, the lowest evaluated bid will be termed as L1.~~
- ~~• If L1 bid is from an MSE who is also a Class-I local supplier, the contract will be awarded to L1.~~
- ~~• If L1 bid is from an MSE who is not a Class-I local supplier~~
 - ~~✓ 50% of the order quantity shall be awarded to L1.~~
 - ~~✓ Thereafter, the lowest evaluated bidder among the Class-I local suppliers including MSEs (who are also Class-I local suppliers) will be invited to match the lowest evaluated bid (L1) price for the remaining 50% quantity subject to the Class-I local supplier's evaluated bid price falling within the margin of purchase preference (i.e. 20%) and contract for that quantity shall be awarded to such Class-I local supplier subject to matching the lowest evaluated bid (L1) price.~~

- ✓ ~~In case such lowest eligible Class-I local supplier fails to match the lowest evaluated bid (L1) price or accepts less than the offered quantity, the next higher Class-I local supplier within the margin of purchase preference shall be invited to match the lowest evaluated bid (L1) price for remaining quantity and so on, and contract shall be awarded accordingly.~~
- ✓ ~~In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.~~

● **If L1 bid is from a Class-I local supplier who is not an MSE**

- ✓ ~~75% of the order quantity shall be awarded to L1.~~
- ✓ ~~Thereafter, all qualified MSE bidder(s), whose Evaluated Bid Price is within the range of 15% of the lowest evaluated (L1) price shall be eligible for an opportunity to match the lowest evaluated (L1) price. If more than one MSE bidders agree to match the lowest evaluated (L1) price, they will be considered for award of up to 25% (collectively) of the order 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 lowest evaluated (L1) price.~~
- ✓ ~~In case some quantity is still left uncovered, then such balance quantity may also be ordered on the L1 bidder.~~

● **If L1 bid is from a bidder who is not a Class-I local supplier and not an MSE,**

- ✓ ~~50% of the order quantity shall be awarded to L1.~~
- ✓ ~~Thereafter, all qualified MSE bidder(s), whose Evaluated Bid Price is within the range of 15% of the lowest evaluated (L1) price shall be eligible for an opportunity to match the lowest evaluated (L1) price. If more than one MSE bidders agree to match the lowest evaluated (L1) price, they will be considered for award of up to 25% (collectively) of the order 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 lowest evaluated (L1) price.~~
- ✓ ~~Thereafter, the lowest evaluated bidder among the Class-I local suppliers including MSEs (who are also Class-I local suppliers) will be invited to match the lowest evaluated bid (L1) price for the remaining quantity [50% of the ordered quantity less quantity awarded on MSEs] subject to the Class-I local supplier's evaluated bid price falling within the margin of purchase preference (i.e. 20%) and contract for that quantity shall be awarded to such Class-I local supplier subject to matching the lowest evaluated bid (L1) price.~~
- ✓ ~~In case such lowest eligible Class-I local supplier fails to match the~~

~~lowest evaluated bid (L1) price or accepts less than the offered quantity, the next higher Class-I local supplier within the margin of purchase preference shall be invited to match the lowest evaluated bid (L1) price for remaining quantity and so on, and contract shall be awarded accordingly.~~

- ~~✓ In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.~~

~~(ii) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by NTPC.~~

~~(iii) For the purpose of matching of lowest evaluated bid (L1) price, the Class-I local supplier / MSEs would have to necessarily reduce all components of the quoted price on pro-rata basis. The reduction should not apply on the evaluation loading on account of functional guarantees and other loadings (if any, which are not dependent on quoted price). Further, the Contract shall be awarded on such revised/reduced quoted price. The summation of the revised/reduced quoted price and the evaluation loading on account of functional guarantees and other loadings (if any) shall be equal to the lowest evaluated bid (L1) price.~~

Notes:

- ~~• ****In case of item wise tenders, where evaluation is done for each item and each item is awarded to L1 bidder for that item, the aforesaid procedure shall be followed item wise.**~~
- ~~• ****In case of Reverse Auction (RA), the Purchase Preference for Class-I local suppliers shall be applicable on the lowest evaluated bid price after RA. The order in which the Class-I Local Suppliers shall be given an opportunity to match lowest evaluated bid (L1) price after RA will be in the order of their rank determined based on the evaluated bid price after RA.**~~

~~**** C&M Co-ordinator to delete / strike off the conditions not applicable to a particular tender.**~~

OR

~~c) Procurements where contract is to be awarded to multiple bidders~~**

~~In case of tenders, where contract is to be awarded to multiple bidders subject to matching of L1 rates or otherwise, and the same is specified in bidding documents:~~

~~The following procedure shall be followed:~~

- ~~a. If 'Class I Local suppliers' qualify for award of contract for at least 50% of the~~

~~tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents.~~

~~However, in case 'Class I Local suppliers' do not qualify for award of contract for at least 50% of the tendered quantity, purchase preference shall be given to the 'Class I local supplier' over 'Class II local suppliers'/'Non local suppliers' provided that their quoted rate falls within 20% margin of purchase preference of the highest quoted bidder considered for award of contract.~~

~~'Class I Local suppliers' taken in totality shall be considered for award of contract for at least 50% of the tendered quantity.~~

- ~~b. First purchase preference shall be given to the lowest quoting 'Class-I local supplier', whose quoted rates fall within 20% margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting 'Class-I local supplier', does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher 'Class-I local supplier', falling within 20% margin of purchase preference, and so on.~~

Notes:

- ~~• In case of item-wise tenders, where evaluation is done for each item and each item is awarded to multiple bidders, the aforesaid procedure shall be followed item-wise.~~
- ~~• In case of Reverse Auction (RA), the Purchase Preference for Class-I local suppliers shall be applicable on the lowest evaluated bid price after RA. The order in which the Class-I Local Suppliers shall be given an opportunity to match lowest evaluated bid (L1) price after RA will be in the order of their rank determined based on the evaluated bid price after RA.~~

~~[G&M Coordinator to refer Notes to para 4.3 of Circular and modify above para c, as appropriate, based on tender specific criteria for award of contract amongst different bidders].~~

~~** G&M Co-ordinator to delete / strike off the conditions not applicable to a particular tender.~~

4.0 Minimum Local Content

- 4.1** The local content requirement to categorize a Bidder/Supplier as 'Class-I local supplier' is **minimum 50%**. For 'Class-II local supplier', the 'local content' requirement is **minimum 20%**.

- 4.2** Ancillary services such as transportation, insurance, installation, commissioning, training, and after sales service support such as AMC/CMC etc. shall not be considered as local value addition. Bidders offering imported products will fall under the category of Non-local suppliers. Such bidders can't claim themselves as Class-I local suppliers / Class-II local suppliers by claiming the services such as transportation, insurance, installation, commissioning, training, and after sales service support such as AMC/CMC etc. as local value addition.

5.0 Verification of Local Content:

- 5.1** The 'Class-I local supplier'/ 'Class-II local supplier' shall be required to provide, in the Bid Form/relevant Attachment of Techno- Commercial Bid, self-certification / declaration that the Item offered meets the local content requirement for 'Class-I local supplier'/ 'Class-II local supplier' and shall give details of the location(s) at which the local value addition is made.
- 5.2** In case the total bid price of the supplier / bidder is in excess of INR 10 crore, the 'Class-I local supplier'/ 'Class-II 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 during execution prior to submission of last bill for payment.

In case aforesaid Certificate furnished by Contractor/Vendor is not in line with the declaration in respect of Local content in their bid, same shall be treated as false declaration.

~~**5.3** However, if the item(s) offered by Supplier are manufactured in India under license from foreign manufacturers holding intellectual property rights and where there is a transfer of technology agreement, the supplier shall be required to provide, in the relevant Attachment of Techno-Commercial Bid, self-certification / declaration to this effect for availing exemption from meeting the Minimum Local Content requirement.~~

5.4 False declarations will be dealt in line with the Fraud Prevention Policy and Policy & Procedure for Debarment from Business Dealings of NTPC.

5.5 In case of false declaration / violation of the provision of PPP-MII Order, if a bidder has been debarred / banned by NTPC, then the fact and duration of debarment should be promptly brought to the notice of the Member-Convenor of the Standing Committee (as per para 16 of PPP-MII Order) and the Department of Expenditure through Ministry of Power, GOI.

- 5.6** A supplier who has been debarred / banned by any other procuring entity for violation of 'Public Procurement (Preference to Make In India), Order 2017' (PPP-MII Order) dated 15.06.2017 and its subsequent revisions / amendments issued by Department of Industrial Policy and Promotion (DIPP) shall not be eligible for evaluation/preference, as applicable, under the aforesaid procedures for duration of the debarment. The 'Class-I local supplier'/ 'Class-II local supplier' shall be required to furnish a confirmation in this regard in the Bid Form/relevant Attachment of Techno-Commercial Bid.
- 6.0 Local Sourcing**
- 6.1** The Bidder/its Sub-vendors must be Class-I local supplier for Item(s) mentioned at ~~*clause no. 41 of GTR~~ in Technical Specifications, as applicable, in case such item(s) are Self Manufactured/Bought-out.
- 6.2** The Bidder / Contractor are requested to encourage and promote domestic manufacturing and production of goods and services by sourcing goods and services applicable under the contract / package from domestic suppliers / service providers. In this regard, Bidder shall also follow guidelines / advisory issued by Government of India from time to time, to the extent applicable to them, regarding promotion of local sourcing of goods including Bought out Items and services.