



EOI Ref: CPC/CMR/Eoi/Forging Track Shoe/25-26

Date: 22.02.2025

M/s. BEML LIMITED,

Expression of Interest for supply of Raw Track Shoe in Forged condition required for BEML M&C equipment and Spares.

EOI Reference	EOI Ref: CPC/CMR/Eoi/Forging Track Shoe/25-26 Date: 22.02.2025			
EOI closing date	Closing date:11-03-2025, Time: 17:00 Hrs.			
EOI response mail Id	bemleoi@beml.co.in			
Technical details	The tentative requirement for is as below.			
	Sl. No.	Material	Short Text	Total Requirement approx. TON
	01	125CT51876	TRACK SHOE FORGING FOR BD155 EQUIPMENT	1500
	02	130CT51541	TRACK SHOE FORGING FOR BD355 EQUIPMENT	
	<p>- The Bidder supplies should comply material to BEML Drawings and Standards attached.</p> <p>- EOI is invited from Class-I Indian Forger.</p> <p>-The tentative requirement is indicated above.</p> <p>- Vendor should disclose their raw material source and Finishing Factory details.</p> <p>- Interested bidders to submit their documents with compliance to below documents.</p> <ol style="list-style-type: none">1. Bidder Drawing.2. Integrity Pact.3. Non-Disclosure Agreement.4. Non-Competition Agreement.5. Land Border sharing declaration.6. Compliance to PPP MII order.7. Company Profile with all relevant documents. <p>-Bidder should also submit their drawing matching to exact or nearest BEML requirement. Bidder should mention the corresponding dimensions of their shoes against BEML requirements on BEML sketch and submit along with technical documents. Minor deviation to dimension and chemistry will be accepted subject to BEML discretion. BEML decision on technical acceptance is final. Sample order quantity will be mutually discussed later.</p>			

For any clarification, point of contact is given below;`



Purushothama G
Deputy General Manager – Corporate Materials
BEML Limited
Telephone: +91-80-22963179
Mail Id: purushothama.g@bemltd.in, tirthabharati.samal@bemltd.in

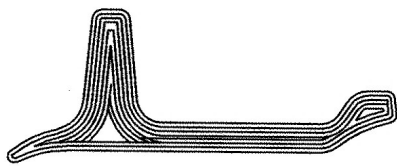
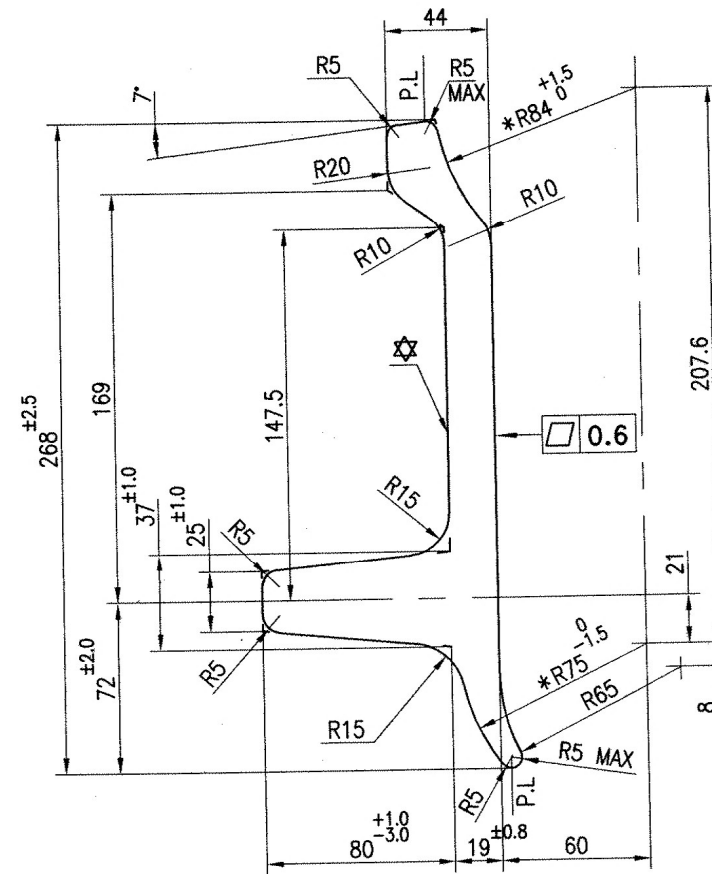
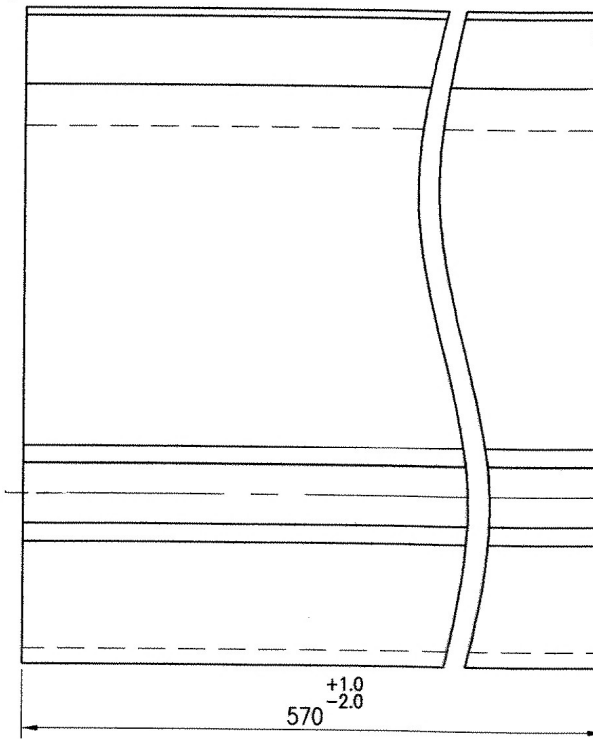
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**NOTE :-**

1. MACHINED COMPONENT DRAWING NO. : 125 CT 11172
2. QUALITY REQUIREMENT AND SUPPLY CONDITIONS AS PER } : QY1020-C
3. INCLUSION RATING TYPE A-B-C-D } : 2.5 MAX OF IS:4163.
4. MANUFACTURING PROCESS : CLOSED DIE FORGING
5. UNSPECIFIED RADII : R3
6. UNSPECIFIED DRAFT ANGLE : 5° MAX.
7. RUST PREVENTIVE COATING AS PER : PR1029-C CLAUSE - "3".
8. DO NOT SCALE THE DRAWING.
9. EMBOSS VENDOR CODE, HEAT CODE AND MATERIAL CODE OF SUITABLE SIZE AT "☆" MARKED AREA.
10. UNSPECIFIED TOLERANCE:  
 DIE CLOSURE : 1.0 STRAIGHTNESS ;0.4  
 FLASH PROJECTION/UNDERCUT : 1.0  
 MISMATCH : 1.0 WARPAGE : 1.0  
 FOR INTERNAL DIMENSIONS REVERSE + & - SIGNS  
 REST : IS:3469 PART I & II.
11. SUBMIT PROCESS SEQUENCE SKETCH WITH RAW MATERIAL SIZE BEFORE SAMPLE APPROVAL.
12. GRAIN FLOW LINE PATTERN SHALL BE AS SHOWN.
13. "\*" MARKED DIMENSIONS ARE CRITICAL TO ASSEMBLY.
- 14(a). THE MATERIAL AND MECHANICAL PROPERTIES ARE AS PER UNIT STANDARD B1202-00.

14(b). CHEMICAL COMPOSITION:

| C         | Mn        | Si        | Cr        | S        | P        | B            | Mo        |
|-----------|-----------|-----------|-----------|----------|----------|--------------|-----------|
| 0.28-0.33 | 1.00-1.30 | 0.25-0.35 | 0.35-0.65 | 0.03 MAX | 0.03 MAX | 0.0005-0.003 | 0.08-0.15 |



GRAIN FLOW PATTERN

ALTERNATE DESIGN

|                                                                    |                  |                    |            |                      |     |                   |       |
|--------------------------------------------------------------------|------------------|--------------------|------------|----------------------|-----|-------------------|-------|
| NEXT ASSY. 125 CT 01014, 125 CT 01022, 125 CT 01006 & 125 CT 01055 |                  |                    |            | PRODUCT              |     | DESIGN REF.       |       |
|                                                                    |                  |                    |            | BD155                |     | 125 CT 11001      |       |
|                                                                    |                  |                    |            | USED ON              | QTY | MATL: SEE NOTE 14 |       |
|                                                                    |                  |                    |            | BD155                | 82  | H.T. NORMALIZE    |       |
|                                                                    |                  |                    |            |                      |     | S.T.              |       |
|                                                                    |                  |                    |            |                      |     | Wt. in kg         | SCALE |
|                                                                    |                  |                    |            |                      |     | 32.4              | NTS   |
| 12500968                                                           | AMEND NO.        | SIGNATURE          | DATE       | TITLE                |     |                   |       |
| DRA/ECN                                                            | NAME             |                    |            | TRACK SHOE (FORGING) |     |                   |       |
| APPROVED                                                           | M. PRATHAP KUMAR | <i>[Signature]</i> | 15/06/2015 | SHEET NO.            |     | 1                 |       |
| REVIEWED                                                           | M. JACKSON       | <i>[Signature]</i> | 15/06/2015 | NO. OF SHEETS        |     | 1                 |       |
| CHECKED                                                            | MURUGAPRIYAN     | <i>[Signature]</i> | 15/06/2015 | BEML LIMITED         |     |                   |       |
| DRAWN                                                              | MURUGAPRIYAN     | <i>[Signature]</i> | 15/06/2015 | K G F                |     |                   |       |
| STDS.                                                              | D.B. PRAKASH     | <i>[Signature]</i> | 15/06/2015 | DRG. NO.             |     |                   |       |
|                                                                    |                  |                    |            | 125 CT 51876         |     |                   |       |



EM Dr

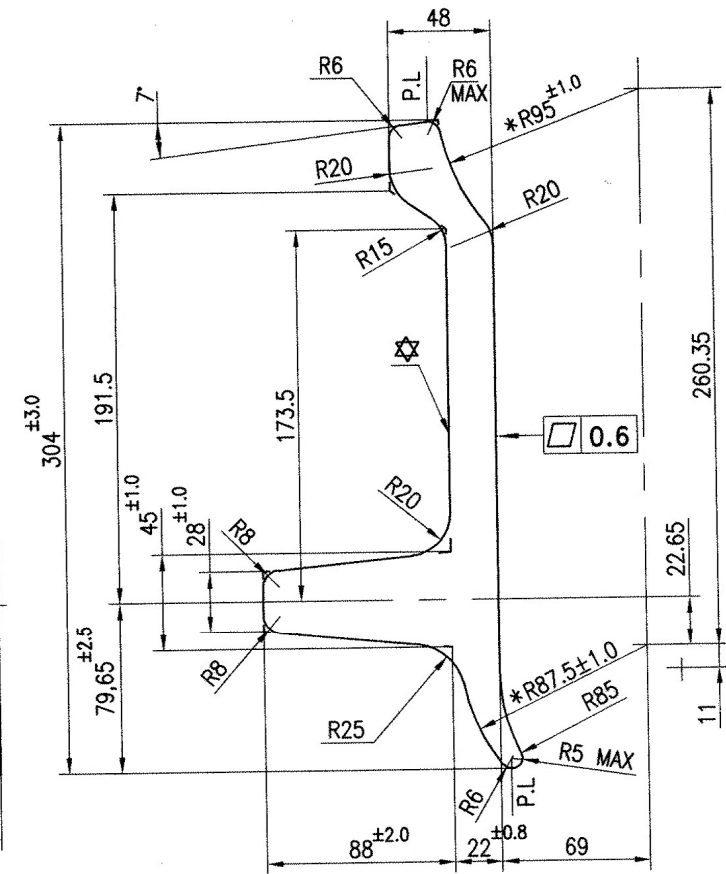
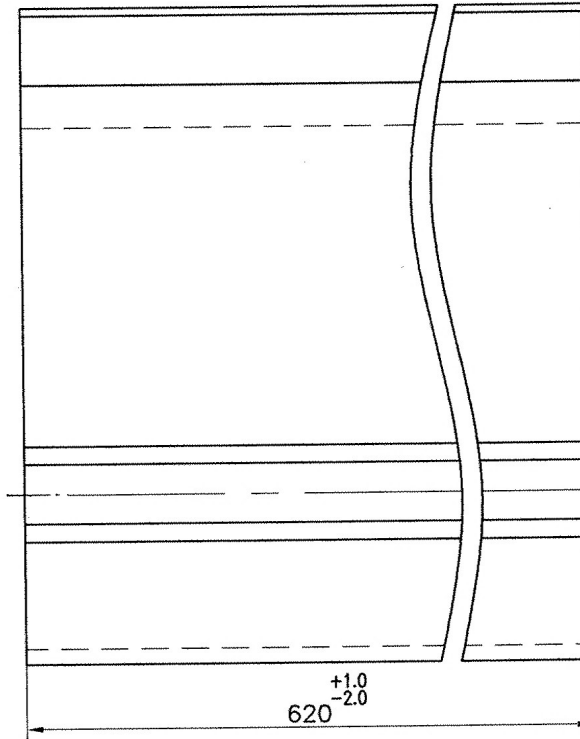
NOTE :-

1. MACHINED COMPONENT DRAWING NO. : 130 CT 11187
2. QUALITY REQUIREMENT AND SUPPLY CONDITIONS AS PER } : QY1020-C
3. INCLUSION RATING TYPE A-B-C-D } : 2.5 MAX OF IS:4163.
4. MANUFACTURING PROCESS : CLOSED DIE FORGING
5. UNSPECIFIED RADII : R3
6. UNSPECIFIED DRAFT ANGLE : 5° MAX.

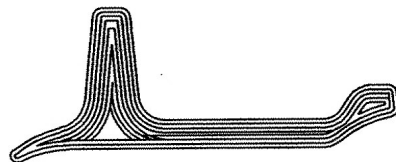
8. DO NOT SCALE THE DRAWING.
9. EMBOSS VENDOR CODE, HEAT CODE AND MATERIAL CODE OF SUITABLE SIZE AT "☆" MARKED AREA.
10. UNSPECIFIED TOLERANCE:  
DIE CLOSURE : 1.0 STRAIGHTNESS ;0.4  
FLASH PROJECTION/UNDERCUT : 1.0  
MISMATCH : 1.0 WARPAE : 1.0  
FOR INTERNAL DIMENSIONS REVERSE + & - SIGNS  
REST : IS:3469 PART I & II.
11. SUBMIT PROCESS SEQUENCE SKETCH WITH RAW MATERIAL SIZE BEFORE SAMPLE APPROVAL.
12. GRAIN FLOW LINE PATTERN SHALL BE AS SHOWN.
13. "\*" MARKED DIMENSIONS ARE CRITICAL TO ASSEMBLY.
- 14(a). THE MATERIAL AND MECHANICAL PROPERTIES ARE AS PER UNIT STANDARD B1202-00.

14(b) CHEMICAL COMPOSITION:

| C         | Mn        | Si        | Cr        | S        | P        | B            | Mo        |
|-----------|-----------|-----------|-----------|----------|----------|--------------|-----------|
| 0.28-0.33 | 1.00-1.30 | 0.25-0.35 | 0.35-0.65 | 0.03 MAX | 0.03 MAX | 0.0005-0.003 | 0.08-0.15 |



ALTERNATE DESIGN



GRAIN FLOW PATTERN

|                                       |                 |           |            |                      |     |                   |       |
|---------------------------------------|-----------------|-----------|------------|----------------------|-----|-------------------|-------|
| NEXT ASSY. 195 32 30901, 195 32 30902 |                 |           |            | PRODUCT              |     | DESIGN REF.       |       |
|                                       |                 |           |            | BD355                |     | 195 32 11452      |       |
|                                       |                 |           |            | USED ON              | QTY | MATL: SEE NOTE 14 |       |
|                                       |                 |           |            | BD355                | 78  | H.T. NORMALIZE    |       |
|                                       |                 |           |            |                      |     | S.T.              |       |
|                                       |                 |           |            |                      |     | Wt. in kg         | SCALE |
|                                       |                 |           |            |                      |     | 46                | 1:2.5 |
| 13000730                              | AMEND. NO.      | SIGNATURE | DATE       | TITLE                |     |                   |       |
|                                       |                 |           |            | TRACK SHOE (FORGING) |     |                   |       |
| DRA/ECN                               | NAME            |           |            | SHEET NO. 1          |     |                   |       |
| APPROVED                              | M.PRATHAP KUMAR |           | 15/06/2013 | NO. OF SHEETS 1      |     |                   |       |
| REVIEWED                              | M.JACKSON       |           | 16/06/2013 |                      |     |                   |       |
| CHECKED                               | MURUGAPRIYAN    |           |            |                      |     |                   |       |
| DRAWN                                 | MURUGAPRIYAN    |           |            |                      |     |                   |       |
| STD.S.                                | D.B.PRAKASH     |           |            |                      |     |                   |       |
|                                       |                 |           |            | BEML LIMITED         |     | DRG. NO.          |       |
|                                       |                 |           |            | K G F                |     | 130 CT 51541      |       |
|                                       |                 |           |            | EM Dn                |     |                   |       |

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## UNIT STANDARDS

**TITLE:**  
HOT ROLLED LOW ALLOY STEEL MATERIAL  
FOR ESS (EXTREME SERVICE SHOES)  
TRACK SHOES

AMENDMENT No. 01

DATE: 2019-08-21

STD No. B1202-00

AMENDMENT SHEET - 1/1

ISSUE No. 01

In page No. 2 of 2, clause 6 shall read as follows:

### 6. SUPPLY CONDITION:

Track shoes shall be supplied in "As Rolled" condition with a hardness of 255 BHN max.

Ref: Mail from AGM(CMRM), dated 27.02.2019.

APPROVED BY:

  
GE



# UNIT STANDARDS KGF COMPLEX-B

B 1202-00

TITLE: HQT ROLLED LOW ALLOY STEEL  
MATERIAL FOR ESS ( EXTREME-  
SERVICE SHOES ) TRACK SHOES

PAGE NO.1 OF 2

DATE:1988-04-28

### 1. SCOPE :

This specification covers hot Rolled Track Shoe stock for  
Crawler Tractor in accordance with details given below :

### 2.1. CHEMICAL COMPOSITION PERCENTAGE :

|           |             |             |                |
|-----------|-------------|-------------|----------------|
| Carbon    | 0.28 - 0.33 | Sulphur     | 0.03 Max.      |
| Manganese | 1.00 - 1.30 | Phosphorous | 0.03 Max       |
| Silicon   | 0.25 - 0.35 | Boron       | 0.0005 - 0.003 |
| Chromium  | 0.35 - 0.65 | Molybdenum  | 0.08 - 0.15    |

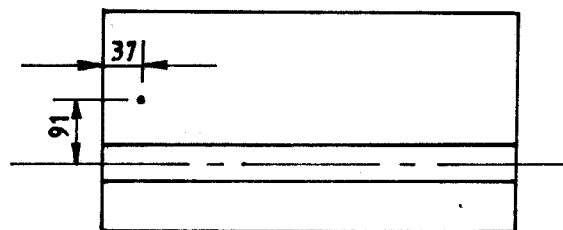
### 2.2. ALLOWABLE VARIATION IN CHEMICAL COMPOSITION IN PERCENTAGE :

|        |        |        |
|--------|--------|--------|
| C      | Mn     | Si     |
| ± 0.01 | ± 0.04 | ± 0.02 |

Chemical analysis shall be performed in accordance with IS:228

NOTE : a) One sample Track Shoe per heat shall be selected at random  
and tested for chemical composition. When the Chemical  
composition is within allowable limits as specified in  
para 2.1; the entire lot with same heat number shall be  
accepted. In case the chemical composition is not within  
allowable limits as specified in para 2.1, one more Track  
shoe will be tested for chemical composition. If the  
results of retest for chemical composition is within the  
allowable variation ( para 2.2 ); the batch will be  
accepted.

POSITION TO EXTRACT SAMPLE FOR CHEMICAL ANALYSIS :



DIMENSIONS IN MM ONLY

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PREPARED BY:

*g/om* 88-04-28

ISSUE NO:

NO. OF PLACES: 1

REPLACEMENT FOR:

EM. STANDARD :

01.04.07

01.04.08

REF :

APPROVED BY:

ALTERED BY:



# UNIT STANDARDS KGF COMPLEX-B

B 1202-00

TITLE : HOT ROLLED LOW ALLOY STEEL  
MATERIAL FOR ESS ( EXTREME-  
SERVICE SHOES ) TRACK SHOES

PAGE NO.2 OF 2

DATE : 1988-04-28

b) If a lot is rejected based on the result of retest for chemical analysis, joint analysis may be made only once, if requested by the supplier. On such occasions one more additional Track Shoe (a third sample) shall be tested, and if the result of joint analysis (on third sample) is within allowable limits as specified in para 2.2 the lot shall be accepted.

3. GRAIN SIZE : ASTM 5 - 8.

4. INCLUSION CONTENT : Test in accordance with IS: 4163.  
Requirement : 2 of IS: 4163.

5. HARDENABILITY :

a) Hardenability shall be determined in accordance with IS: 3848

b) Requirement : Distance in mm from Quenched end.

|          | <u>Distance</u> |   |                  | <u>Hardness - HRC</u> |
|----------|-----------------|---|------------------|-----------------------|
| $\Delta$ | <del>1.5</del>  | : | <del>49-56</del> | <del>48 - 55</del>    |
|          | <del>5.0</del>  | : | <del>39-50</del> | <del>45 - 52</del>    |
|          | <del>7.0</del>  | : |                  | <del>42 - 48</del>    |

6. SUPPLY CONDITION :

Track Shoe shall be supplied in normalised condition.

7. DIMENSIONAL REQUIREMENT AND TOLERANCES :

The section must conform to the dimensions/tolerances specified in the drawing/drawings (enclosed as per para (9))

Straightness should be within 6 mm in 1500mm to permit sheering.

8. OTHER REQUIREMENTS :

Track Shoes should be free from the following defects.

- |                  |                     |
|------------------|---------------------|
| a) Linear Scars  | g) Exfoliation      |
| b) Exfoliation   | h) Jaw Scars        |
| c) Die Insertion | i) Laminations      |
| d) Jaw Scards    | j) Biting           |
| e) Roll marks    | k) Hair line cracks |
| f) Laminations   |                     |

9. APPLICABILITY OF DRAWINGS :

| <u>SL.NO.</u> | <u>EQUIPMENT</u> | <u>PART NO.</u> |
|---------------|------------------|-----------------|
| 1.            | D155A-1          | 125.CT.11001 /1 |
| 2.            | D355A-3          | 130.CT.11008 /1 |

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## Annexure III

### Compliance certificate

#### **Bidders having beneficial ownership in countries which share land border with India**

- I. Any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the competent Authority.
- II. “ Bidder “ ( including the term ‘ tenderer ‘ , consultant ‘ or service provider ‘ in certain contexts ) means any person or firm or company , including any member of a consortium or joint venture ( that is an association of several persons, or firms or companies ) every artificial juridical person not falling in any of the descriptions of bidders stated here in before , including any agency branch or office controlled by such person , participating in a process.
- III. “Bidder from a country which shares a land border with India “ for the purpose of this order means : -
  - a. An entity incorporated , established or registered in such country ;or
  - b. A subsidiary of an entity incorporated, established or registered in such a country ;or
  - c. An entity substantially controlled through entities incorporated, established or registered in such a country ; or
  - d. An entity whose beneficial owner is situated in such a country ; or
  - e. An Indian ( or other ) agent of such an entity ; or
  - f. A natural person who is a citizen of such a country ; or
  - g. A consortium or joint venture where any member of the consortium or joint venture falls under any of the above.
- IV. The beneficial owner for the purpose of (iii) above will be as under :
  1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s) , who , whether acting alone or together , or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.
    - a. “ Controlling ownership interest “ means ownership of or entitlement to more than twenty-five per cent of shares or capital or profits of the company
    - b. “ Control “ shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreement s or voting agreements;
  2. In case of a partnership firm , the beneficial owner is the natural person(s) who , whether acting alone or together , or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;
  3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who , whether acting alone or together , or through one or more juridical person , has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;



4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.
5. In case of a trust , the identification of beneficial owner(s) shall include identification of the author of the trust , the trustee , the beneficiaries with fifteen percent or more interest in the trust an any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

V An agent is a person employed to do any act for another, or to represent another in dealings with third person.

VI The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the competent Authority.

I/we have read the clause regarding above terms and conditions regarding restrictions on procurement whether goods, services (including consultancy service and non consultancy services) or works (including turn key projects)

I / We M/s .....(Name of the bidder) are not from a country which shares land border with India and as per the above terms and conditions are eligible to participate in this tender.

Or

I / We M/s .....are from a country which shares land border with India and as per the above terms and conditions ,we are registered with Competent authority with Registration no..... are eligible to participate in this tender.

[ Format for seeking registration for bidders having beneficial ownership in countries which share land border with India and further details refer Notification no P-45021/112/2020-PP (BE-II) (E-43780 ) dated 14.10.2020 Department of promotion of industry and internal trade , Ministry of Commerce and Industry , Govt. of India .]

(Signature of authorized signatory of the tenderer)

Name:

Designation:

Place

Seal :

Date:



# NON – DISCLOSURE AGREEMENT

BETWEEN

BEML LIMITED  
BENGALURU

AND

.....

## NON – DISCLOSURE AGREEMENT

This Non – Disclosure Agreement (hereinafter referred to as "**NDA**") is made and entered into between ;

**M/s BEML LIMITED**, a Central Public Sector Undertaking, coming under the administrative control of Ministry of Defence, and a Company incorporated under the Companies Act, 1956, having its Corporate Office at 'BEML SOUDHA',23/1, 4<sup>th</sup> Main, SR Nagar, Bengaluru – 560027, India (hereinafter referred to as "**BEML**" which expression, unless repugnant to the context, shall mean and include its successors and permitted assigns) of the One Part ,

And

M/s..... (Hereinafter referred to as "Consultant" which expression, unless repugnant to the context, shall mean and include its successors and permitted assigns) Other Part.

Hereinafter, BEML and the Consultant are collectively referred to as "**Parties**" and individually as "**Party**".

WHEREAS, BEML is a multi-technology heavy engineering industry engaged in the business of design, development, manufacture and marketing of a variety of equipment and spare parts and aggregates required for Mining &Construction ,Rail and Metro Defence and Aerospace, etc.

Whereas the Firm is engaged in .....

Whereas BEML intends to procure trackshoe profiles from the firm where the drawings will be shared to the firm. (hereinafter referred to as "**the Purpose**"). If the firm emerged as the successful bidder and agreed to provide his products in accordance with terms and conditions specifically stipulated in -the Tender

Whereas as per the Tender documents the Successful bidder has to execute a Non-Disclosure Agreement on Non-judicial stamp paper before placement of Purchase order

as the Parties may disclose certain Information to each other, and the Parties recognise that careful protection and non-disclosure by the Party receiving the Confidential Information (hereinafter referred to as the "**Receiving Party**") from the Party disclosing such Confidential Information (hereinafter referred to as the "**Disclosing Party**") is of vital importance while executing the purpose.

NOW THEREFORE, in consideration of the mutual promises made herein, the Parties agree to disclose and receive certain Confidential Information only under the following terms and conditions:

## **1. SCOPE OF THE NDA**

1.1. The Parties recognise that there is a need to disclose to one another certain Confidential Information for the purpose. Confidential information is to be used only for the Purpose.

1.2. The following terms and conditions shall apply when the Disclosing Party discloses Confidential Information to the Receiving Party. Nothing contained in this NDA shall be construed as granting rights by the Disclosing Party to the Receiving Party, by license or otherwise, to any of the Confidential Information under any patent, know-how or other rights till now or hereinafter held by the Disclosing Party except as specified in this NDA. The Disclosing Party will provide Confidential Information without warranties of any nature whatsoever.

1.3. The firm should not participate in any tenders published by BEMLS customer in terms of spares or any kind of supply of the products to BEML customers.

## **2. CONFIDENTIAL INFORMATION**

The term "Confidential Information" shall mean and refer to all or any information and data of confidential or proprietary in nature which is disclosed by the Disclosing Party to the Receiving Party, including but not limited to, past, current and future customer information, proprietary, technical, financial, personnel,

marketing, pricing, sales and/or commercial information with respect to the "Purpose" as well as ideas, concepts, designs, drawings and inventions, embedded hardware design, data and information, computer source and object code and computer programming techniques; and all record bearing media containing or disclosing such information and techniques which are disclosed pursuant to this NDA

### **3. EXCEPTIONS**

This NDA imposes no obligation upon the Receiving Party with respect to information that:

- a) is now, or hereafter becomes, through no act or failure to act on the part of the Receiving Party, generally known or available to the public;
- b) is hereafter rightfully furnished to the Receiving Party by a third party, without restrictions to use or disclosure;
- c) is disclosed with the prior written consent of the Disclosing Party; or
- d) is required to be disclosed in pursuant to law, order of the court or Government authority, and then only to the extent ordered by the court or governmental authority, provided that the Receiving Party shall give a notice as early as possible to enable the Disclosing Party to get a protective order.

### **4. NON-DISCLOSURE**

All Confidential Information is and shall remain the property of the Disclosing Party. The Receiving Party agrees to hold the Confidential Information disclosed to it by the disclosing party in strict confidence and will not disclose the Confidential Information to any third party without the prior written consent of the Disclosing party.

### **5. RECEIVING PARTY'S OBLIGATIONS:**

The Receiving Party undertakes:

- a) to use the same care and discretion to avoid disclosure, publication or dissemination of the Confidential Information as it uses with respect to its own Confidential Information, but no less than reasonable care;

- b) not to use the Confidential Information for any other purpose except for the purpose for which the information has been disclosed.
- c) to comply with any other reasonable security measures requested in writing by the Disclosing Party;
- d) not to, under any circumstances, copy, replicate, or reverse engineer any products or services of the Disclosing Party by unauthorised use of Confidential Information and shall not infringe the intellectual property rights law applicable to the Disclosing Party;
- e) not to, directly or indirectly, make or permit any oral or written communications to the public media regarding the Confidential Information of the Disclosing Party, its business or clients or use the name of the Disclosing Party in any public announcements, promotional, marketing or sales materials or efforts, without the express prior approval of the Disclosing Party.
- f) Not to disclose Confidential Information to any third party without the prior consent of the Disclosing party.
  
- g) to disclose the confidential information to its employees, on a 'need to know' basis for the purpose of this NDA.

## **6. REMEDIES**

The Parties recognise and acknowledge that Confidential Information is of a special, unique and extraordinary character to the Disclosing Party and that disclosure, misappropriation or unauthorized use of such Confidential Information by the Receiving Party cannot be fully compensated and that, further any such disclosure, misappropriation or unauthorized use of the Confidential Information shall cause irreparable injury to the Disclosing Party. The Receiving Party expressly agrees, therefore, that the Disclosing Party, in addition to any rights and remedies it may have under this NDA or at law or in equity, shall be entitled to seek injunctive and other equitable relief to prevent the breach, or the further breach, or any of the terms and provisions hereof. The Receiving Party agrees to reimburse the Disclosing Party for any and all losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and court costs) incurred and sustained by the Disclosing Party as a result of any breach of this NDA

## **7. TERM**

The term of this NDA shall be till the completion of purchase order and that the obligations of the Receiving Party to protect the Confidential Information under this NDA shall survive for a period of two (2) years from the date of its early termination or expiry.

## **8. TERMINATION**

This NDA shall, unless otherwise extended by mutual agreement of the Parties, terminate upon happening of any of the following events :

- (a) Termination by mutual consent.
- (b) Termination by either party due to breach of any of the covenants hereof by the other
- (c) by giving written notice in the event of the liquidation, bankruptcy, reorganization, dissolution or insolvency of the other Party resulting in that Party's inability to perform the obligations under this Agreement;

Notwithstanding the above, termination shall not prejudice any obligation that has arisen prior to the date of effective termination between the Parties and/or obligation of either Party to any other third party.

## **9. RETURN OF CONFIDENTIAL INFORMATION**

Upon the expiry or termination of this NDA or at the earlier request of the Disclosing Party, the Receiving Party shall return all Confidential Information to the Disclosing Party without retaining any copies of such Confidential Information or, if so desired by the Disclosing Party, confirm in writing that all such Confidential Information has been destroyed. Notwithstanding the return or destruction of the Confidential Information, the Receiving Party will continue to be bound by its obligations of confidentiality and other obligations hereunder.

## **10. DISPUTE SETTLEMENT& JURISDICTION :**

Disputes if any, arising between the Parties, in connection with this NDA or any other matters connected therewith, the same will be mutually discussed and amicably settled between the parties, failing which, the disputes shall be referred to Arbitration in accordance with the provisions of Arbitration and Conciliation Act, 1996 and Rules framed there under from time-to-time. The place of Arbitration shall be at Bengaluru and the Arbitration proceedings shall be conducted in English language.

Courts at Bengaluru alone will have jurisdiction to entertain, try and adjudicate any matter connected with this Agreement, including Arbitration.

## **11. NON-SOLICITATION**

No Party shall, either directly or indirectly, on its own behalf or on the behalf of others, solicit or hire for work any person(s) employed by the other Party, whether or not such employment is pursuant to a written contract or is at will, without the express written permission of such other Party, or until such employee has ceased his/her employment with such other Party for at least two (2) years. This clause shall survive for a period of two years even from the date of termination.

## **12. AMENDMENT**

Any amendment or modification of this NDA shall be valid only if the same is in writing and signed by or on behalf of each of the Parties.

## **13. MISCELLANEOUS**

13.1 Severability and Waiver. If any provision of this NDA is held to be invalid or unenforceable for any reason, the remaining provisions shall continue in full



force without being impaired or invalidated in any way. The Parties shall replace any invalid provision with a valid provision, which must closely approximate the intent and economic effect of the invalid provision. The waiver by the Disclosing Party of a breach of any provision of this NDA shall not operate or be interpreted as a waiver of any other or subsequent breach.

13.2. Notices. All notices under this NDA must be in writing and must be either: faxed; mailed by registered or certified mail, postage prepaid and return receipt requested; or delivered by hand to the party to whom such notice is required or permitted to be given at the address set out in the title of this NDA.

IN WITNESS WHEREOF, the Parties hereto have set their respective hands to this NDA on .....(Day) ..... (Month) ..... (Year)at ..... (Place) in the presence of the following witnesses.

For BEML LIMITED

Firm

Name:

Name:

Signature:

Signature:

WITNESSES :

WITNESSES :

1.

1.

2.

2.

**Annexure – F : Agreement Proforma**

**NONCOMPETITION AGREEMENT**

**THIS NON COMPETITION AGREEMENT** is made and executed on this the.....day of .....at Bangalore **BETWEEN** M/s. BEML Ltd, a Government of India undertaking, having its Registered office at No.23/1, "BEML SOUDHA", 4th Main Road, Sampangirama Nagar, Bangalore  
 – 560 027 (hereinafter called "BEML") and manufacturing units at Kolar Gold Fields, Mysore and Bangalore, which expression shall unless repugnant to the subject or context thereof mean and include its representatives, administrators, successors and assigns etc of the **FIRST PART,**  
**AND**  
 M/s.....Company, with its Registered Office at.....and manufacturing unit at.....represented by their Shri .....a lawful Attorney, residing at.....(hereinafter called "VENDOR") which expression shall unless repugnant to the subject or context thereof mean and include its representatives, administrators, successors and assigns etc of the **SECOND PART.**  
**NOW THIS AGREEMENT WITNESSETH AND IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:**  
 Whereas, BEML will place Purchase Order No.....Dated ..... on the VENDOR for supply of .....which products are exclusively manufactured to the designs and specifications of BEML.  
 In pursuance of the placement of the above Purchase Order on M/s.....or M/s ..... or any other Authorized Dealer / Distributor of or any person authorized by .....the VENDOR hereby agree and undertake not to quote or supply.....  
 ..... to any other parties in India and as such the VENDOR is prohibited to quote or supply the products specified in the instant Agreement. In contravention of this term, The VENDOR or any other Authorized Dealer / Distributor / Agent of or any person authorized by the VENDOR were to quote and supply .....  
 .....to any other parties in India and / or abroad,  
 BEML  
 would, after giving a reasonable opportunity to explain such quote and supply be entitled to levy a penalty to the extent of loss occasioned to BEML.  
 This Non-Competition Agreement will be valid for a period of five years from the date of placement of Purchase Order by BEML on the VENDOR and for all Government / Quasi-Government companies in India and all non-Government Companies in India and abroad.  
 Disputes if any, arising between the parties in connection with this Non-Competition Agreement or any other matters connected therewith, the same will be mutually discussed and settled, failing which, the disputes shall be referred to a Sole Arbitrator to be appointed by BEML. The Arbitration proceedings shall be in accordance with the provisions of Arbitration and Conciliation Act, 1996 and Rules framed there under. The place of Arbitration shall be at Bangalore and all Arbitration proceedings shall be conducted in English language and governed by the above said Act and Rules framed there under. Courts at Bangalore shall alone have sole jurisdiction to decide any issue arising out of the Arbitration or this Non-Competition Agreement.

Thanking you

Yours faithfully,

For BEML LIMITED

**Annexure (J)**

*(To be executed on plain paper and applicable for all tenders of value \_ Rs. 1 Crore and above)*

**INTEGRITY PACT**

**Between**

**BEML Limited (BEML) hereinafter referred to as “The Principal”**

**And**

**..... hereinafter referred to as “The Bidder/Contractor”**

**Preamble**

The Principal intends to award, under laid down organizational procedures, contract/s for

.....

The Principal values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and / or Contractor(s).

In order to achieve these goals, the Principal will appoint an independent External Monitor (IEM), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

**Section 1 – Commitments of the Principal**

- (1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:
  - a) No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - b) The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/ additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
  - c) The Principal will exclude from the process all known prejudiced persons.
- (2) If the principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or it there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

## **Section 2 – Commitment of the Bidder(s)/ contractor(s)**

- (1) The Bidder(s)/ Contractor(s) commit themselves to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
  - a) The Bidder(s)/ Contractor(s) will not, directly or through any other person or firm, offer, promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
  - b) The Bidder(s)/ Contractor(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
  - c) The Bidder(s)/ Contractor(s) will not commit any offence under the relevant IPC/PC Act; further, the Bidder(s) / Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or documents provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
  - d) The Bidder(s)/ Contractor(s) of foreign origin shall disclose the name and address of the Agents/ Representatives in India, if any. Similarly, the Bidder(s)/ Contractor(s) of Indian Nationality shall furnish the name and address of the foreign Principals, if any. Further, as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidder(s)/Contractor(s). Further, as mentioned in the Guidelines all the payments made to the Indian agent/representative have to be in Indian Rupees only. Copy of the "Guidelines on Indian Agents of Foreign Suppliers" is placed at **Annexure (J-1)**.
  - e) The Bidder(s) / Contractor(s) will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- (2) The Bidder(s)/Contactor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

### **Section 3 – Disqualification from tender process and exclusion from future contracts**

If the Bidder(s)/Contractor(s), before award or during execution has committed a transgression through a violation of Section 2, above or any other form such as to put his reliability or creditability in question, the Principal is entitled to disqualify the Bidder(s)/Contractor(s) from the tender process or act as per the procedure mentioned in the “Guidelines on Banning of business dealings”.

### **Section 4 – Compensation for Damages**

- (1) If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit/ Bid Security.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the contract value or the amount equivalent to Performance Bank Guarantee.

### **Section 5 – Previous Transgression**

- (1) The Bidders declares that no previous transgressions occurred in the last three years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken as per the procedure mentioned in “Guidelines on Banning of business dealings”.

### **Section 6 – Equal treatment of all Bidders /Contractors /Sub-contractors**

- (1) The Bidder(s)/ Contractor(s) undertaker(s) to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
- (2) The Principal will enter into agreement with identical conditions as this one with all Bidders, Contractors and subcontractors.
- (3) The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

### **Section 7 – Criminal charges against violating Bidder(s) / Contractor(s) / Subcontractor(s)**

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or of the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer

### **Section 8 – Independent External Monitor / Monitors**

- (1) The Principal appoints competent and credible Independent External Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement
- (2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. It will be obligatory for him to treat the information and documents of the Bidders/Contractors as confidential. He reports to the CMD, BEML.
- (3) The Bidder(s)/ Contractor(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/ Contractor(s) / Subcontractor(s) with confidentiality.
- (4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (6) The Monitor will submit a written report to the CMD, BEML, within 8 to 10 weeks from the date of reference or intimation to him by the Principal and, should the occasion arise submit proposals for correcting problematic situations.
- (7) If the Monitor has reported to the CMD, BEML, a substantiated suspicion of an offence under relevant IPC/PC Act, and the CMD, BEML has not, within the reasonable time taken visible

action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.

- (8) The word 'Monitor' would include both singular and plural.

### **Section 9 – Pact Duration**

This pact begins when both parties have legally signed it. It expires for the Contractor 12 months after the last payment under the contract, and for all other Bidders 6 months after the contract has been awarded. If any claim is made/lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged/ determined by CMD of BEML

### **Section 10 – Other provisions**

- (1) This agreement is subject to Indian Law. Place of performance and jurisdiction is the Corporate Office of the Principal, i.e. Bangalore.
- (2) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- (3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- (4) Should one or several provisions of this agreement turn out to be invalid, the reminder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
- (5) The bidder shall not approach the Courts while representing the matters to IEMs and he/ she will await their decision in the matter.
- (6) In case of joint venture, all the partners of the joint venture should sign the Integrity Pact. In case of sub-contracting, the Principal contractor shall take the responsibility of the adoption of IP by the sub-contractor. It is to be ensured that all sub- contractors also sign IP.

(7) In the event of any dispute between the management and the contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle dispute through mediation before the panel of IEMs in a time bound manner. If required, the organization may adopt any mediation rules for this purpose.

In case, the dispute remains unresolved even after mediation by the panel of IEMs, the organization may take further action as per the terms and conditions of the contract.

The fees / expenses on dispute resolution shall be equally shared by both the parties.

(8) In the event of any contradiction between the Integrity Pact and its Annexure, the Clause in the integrity pact will prevail

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(For & On behalf of the Principal)

-----  
(For & On behalf of Bidder/Contractor)

(Office Seal)

(Office Seal)

Place-----

Place-----

Date -----

Date -----

***Witness 1:***  
*(Name & Address)*

***Witness 1:***  
*(Name & Address)*

-----  
-----

-----  
-----

***Witness 2:***  
*(Name & Address)*

***Witness 2:***  
*(Name & Address)*

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**Annexure J-1**  
**GUIDELINES FOR INDIAN AGENTS OF FOREIGN SUPPLIERS**

- 1.0 There shall be compulsory registration of agents for all Global (Open) Tender and Limited Tender. An agent who is not registered with BEML LTD shall apply for registration in the prescribed Application-Form available on *www.bemlindia.in*.
- 1.1 Registered agents will file an authenticated Photostat copy duly attested by a Notary Public/Original certificate of the principal confirming the agency agreement and giving the status being enjoyed by the agent and the commission/remuneration/ salary/ retainer ship being paid by the principal to the agent before the placement of order by BEML LTD.
- 1.2 Wherever the Indian representatives have communicated on behalf of their principals and the foreign parties have stated that they are not paying any commission to the Indian agents, and the Indian representative is working on the basis of salary or as retainer, a written declaration to this effect should be submitted by the party (i.e. Principal) before finalizing the order.
  
- 2.0 DISCLOSURE OF PARTICULARS OF AGENTS/ REPRESENTATIVES IN INDIA, IF ANY:
  - 2.1 Tenderers of Foreign nationality shall furnish the following details in their offer:
    - 2.1.1 The name and address of the agents/representatives in India, if any and the extent of authorization and authority given to commit the Principals. In case the agent/representative be a foreign Company, it shall be confirmed whether it is real substantial Company and details of the same shall be furnished.
    - 2.1.2 The amount of commission/remuneration included in the quoted price(s) for such agents/representatives in India.
    - 2.1.3 Confirmation of the Tenderer that the commission/ remuneration if any, payable to his agents/representatives in India, may be paid by BEML LTD in Indian Rupees only.
  - 2.2 Tenderers of Indian Nationality shall furnish the following details in their offers:
    - 2.2.1 The name and address of the foreign principals indicating their nationality as well as their status, i.e, whether manufacturer or agents of manufacturer holding the Letter of Authority of the Principal specifically authorizing the agent to make an offer in India in response to tender either directly or through the agents/representatives.
    - 2.2.2 The amount of commission/remuneration included in the price (s) quoted by the Tenderer for himself.
    - 2.2.3 Confirmation of the foreign principals of the Tenderer that the commission/remuneration, if any, reserved for the Tenderer in the quoted price (s), may be paid by BEML LTD in India in equivalent Indian Rupees on satisfactory completion of the Project or supplies of Stores and Spares in case of operation items.
- 2.3 In either case, in the event of contract materializing, the terms of payment will provide for payment of the commission /remuneration, if any payable to the agents/representatives in India in Indian Rupees on expiry of 90 days after the discharge of the obligations under the contract.
- 2.4 Failure to furnish correct and detailed information as called for in paragraph-2.0 above will render the concerned tender liable to rejection or in the event of a contract materializing, the same liable to termination by BEML LTD. Besides this there would be a penalty of banning business dealings with BEML LTD or damage or payment of a named sum.

Signature  
(For & On behalf of Bidder/Contractor)

**No. DPE/7(4)/2017-Fin.(Part-I)**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**  
\*\*\*\*\*

**Public Enterprises Bhawan**  
**Block No.14, CGO Complex**  
**New Delhi – 110003**

**Date: 30<sup>th</sup> July, 2020**

**OFFICE MEMORANDUM**

**Subject: Restrictions under Rule 144(xi) of the General Financial Rules (GFRs), 2017-  
Dept. of Expenditure OM No.6/18/2019-PPD dated 23<sup>rd</sup> July, 2020 -  
regarding**

The undersigned is directed to enclose Department of Expenditure's (DoE) OMs No. 6/18/2019-PPD dated 23<sup>rd</sup> July, 2020 & 24<sup>th</sup> July, 2020 imposing restrictions under Rule 144(xi) of the General Financial Rules (GFRs), 2017 on the grounds of Defence of India and National Security for information and compliance.

2. All the administrative Ministries/ Departments of CPSEs are requested to ensure compliance of the directions issued by DoE by CPSEs under their administrative control.
3. This issues with the approval of competent authority.

*K. Mishra*

(Kalyani Mishra)  
Director  
Tel.24362061

Encl.: (DoE's OMs No. 6/18/2019-PPD dated 23<sup>rd</sup> July, 2020  
6/18/2019-PPD dated 23<sup>rd</sup> July, 2020 &  
6/18/2019-PPD dated 24<sup>th</sup> July, 2020)

To

- i) All the Secretaries to the Administrative Ministries/Departments of CPSEs
- ii) Chief Executives of CPSEs

Copy for information to:  
Secretary, D/o Expenditure, North Block, New Delhi

डा. टी. वी. सोमनाथन, आई.ए.एस.  
सचिव (व्यय)

Dr. T. V. Somanathan, I.A.S.  
Secretary (Expenditure)



भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग  
Government of India  
Ministry of Finance  
Department of Expenditure  
नार्थ ब्लॉक, नई दिल्ली-110001  
North Block, New Delhi-110001  
Tel. : 23092929, 23092663  
Fax : 23092546  
E-mail : secyexp@nic.in  
Website : www.finmin.nic.in

D.O.F.No.6/18/2019- PPD

28<sup>th</sup> July, 2020

Dear Shri Sailesh,

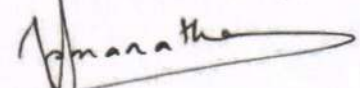
As you are aware the General Financial Rules (GFRs), 2017 have been amended inserting Rule 144 (xi) which empowers Department of Expenditure to impose restrictions, including prior registration or screening on procurement from bidders from a country or countries on grounds of Defence of India and National Security. The amended Rule provides that no public procurement shall be made in violation of such restrictions. Pursuant to the above, Order (Public Procurement No. 1) and Order (Public Procurement No. 2) were issued vide F.No.6/18/2019-PPD dated 23.7.2020. A clarification was issued in Order (Public Procurement No. 3).

2. Though the GFRs ordinarily do not apply to public sector enterprises, in this instance, as they relate to national security, the orders have consciously been made applicable to all Central Public Sector Enterprises as well. It is, therefore, requested that necessary instructions may be issued by your Department reiterating the applicability of orders stated in Paragraph 1 of this letter to all Central Public Sector Enterprises.

3. Copies of the Orders are attached for ease of reference.

With regards,

Yours sincerely,

  
(T.V. Somanathan)

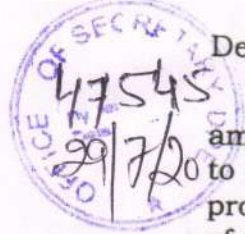
Encl: **As above**

**Shri Sailesh, IAS**  
Secretary,  
Department of Public Enterprises,  
160, Udyog Bhawan,  
New Delhi: 110011

Copy to: Cabinet Secretary – for information

*We may issue instructions today*  
*S*  
*29/7*

*ASCRKC*



F.No.6/18/2019-PPD  
Ministry of Finance  
Department of Expenditure  
Public Procurement Division

161, North Block,  
New Delhi  
23rd July, 2020

**Office Memorandum**

**Subject: Insertion of Rule 144 (xi) in the General Financial Rules (GFRs), 2017**

Rule 144 of the General Financial Rules 2017 entitled 'Fundamental principles of public buying', has been amended by inserting sub-rule (xi) as under:

*Notwithstanding anything contained in these Rules, Department of Expenditure may, by order in writing, impose restrictions, including prior registration and/or screening, on procurement from bidders from a country or countries, or a class of countries, on grounds of defence of India, or matters directly or indirectly related thereto including national security; no procurement shall be made in violation of such restrictions.*



(Sanjay Prasad)  
Joint Secretary (PPD)  
Email ID: [js.pfc2.doe@gov.in](mailto:js.pfc2.doe@gov.in)  
Telephone: 011-23093882

To,  
(1) Secretaries of All Ministries/ Departments of Government of India  
(2) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi

F.No.6/18/2019-PPD  
Ministry of Finance  
Department of Expenditure  
Public Procurement Division

161, North Block,  
New Delhi  
23rd July, 2020

**Order (Public Procurement No. 1)**

**Subject: Restrictions under Rule 144 (xi) of the General Financial Rules (GFRs), 2017**

Attention is invited to this office OM no. 6/18/2019-PPD dated 23<sup>rd</sup> July 2020 inserting Rule 144 (xi) in GFRs 2017. In this regard, the following is hereby ordered under Rule 144 (xi) on the grounds stated therein:

Requirement of registration

1. Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annex I**.
2. This Order shall not apply to (i) cases where orders have been placed or contract has been concluded or letter/notice of award/ acceptance (LoA) has been issued on or before the date of this order; and (ii) cases falling under **Annex II**.

Transitional cases

3. Tenders where no contract has been concluded or no LoA has been issued so far shall be handled in the following manner: -
  - a) *In tenders which are yet to be opened, or where evaluation of technical bid or the first exclusionary qualificatory stage (i.e. the first stage at which the qualifications of tenderers are evaluated and unqualified bidders are excluded) has not been completed: No contracts shall be placed on bidders from such countries. Tenders received from bidders from such countries shall be dealt with as if they are non-compliant with the tender conditions and the tender shall be processed accordingly.*
  - b) *If the tendering process has crossed the first exclusionary qualificatory stage: If the qualified bidders include bidders from such countries, the*

3/12

entire process shall be scrapped and initiated *de novo*. The *de novo* process shall adhere to the conditions prescribed in this Order.

- c) As far as practicable, and in cases of doubt about whether a bidder falls under paragraph 1, a certificate shall be obtained from the bidder whose bid is proposed to be considered or accepted, in terms of paras 8, 9 and 10 read with para 1 of this Order.

#### Incorporation in tender conditions

4. In tenders to be issued after the date of this order, the provisions of paragraph 1 and of other relevant provisions of this Order shall be incorporated in the tender conditions.

#### Applicability

5. Apart from Ministries / Departments, attached and subordinate bodies, notwithstanding anything contained in Rule 1 of the GFRs 2017, this Order shall also be applicable
  - a. to all Autonomous Bodies;
  - b. to public sector banks and public sector financial institutions; and
  - c. subject to any orders of the Department of Public Enterprises, to all Central Public Sector Enterprises; and
  - d. to procurement in Public Private Partnership projects receiving financial support from the Government or public sector enterprises/ undertakings.
  - e. Union Territories, National Capital Territory of Delhi and all agencies/ undertakings thereof

#### Definitions

6. "Bidder" for the purpose of this Order (including the term 'tenderer', 'consultant' 'vendor' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency, branch or office controlled by such person, participating in a procurement process.
7. "Tender" for the purpose of this Order will include other forms of procurement, except where the context requires otherwise.
8. "Bidder from a country which shares a land border with India" for the purpose of this Order means

- a) An entity incorporated, established or registered in such a country; or
- b) A subsidiary of an entity incorporated, established or registered in such a country; or
- c) An entity substantially controlled through entities incorporated, established or registered in such a country; or
- d) An entity whose *beneficial owner* is situated in such a country; or
- e) An Indian (or other) agent of such an entity; or
- f) A natural person who is a citizen of such a country; or
- g) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

9. "Beneficial owner" for the purpose of paragraph 8 above will be as under:

- (i) In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person(s), has a controlling ownership interest or who exercises control through other means.

Explanation—

- a. "Controlling ownership interest" means ownership of, or entitlement to, more than twenty-five per cent of shares or capital or profits of the company;
- b. "Control" shall include the right to appoint the majority of the directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

- (ii) In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

- (iii) In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

- (iv) Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

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(v) In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

10. "Agent" for the purpose of this Order is a person employed to do any act for another, or to represent another in dealings with third persons.

#### Sub-contracting in works contracts

11. In works contracts, including turnkey contracts, contractors shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority. The definition of "contractor from a country which shares a land border with India" shall be as in paragraph 8 above. This shall not apply to sub-contracts already awarded on or before the date of this Order.

#### Certificate regarding compliance

12. A certificate shall be taken from bidders in the tender documents regarding their compliance with this Order. If such certificate given by a bidder whose bid is accepted is found to be false, this would be a ground for immediate termination and further legal action in accordance with law.

#### Validity of registration

13. In respect of tenders, registration should be valid at the time of submission of bids and at the time of acceptance of bids. In respect of supply otherwise than by tender, registration should be valid at the time of placement of order. If the bidder was validly registered at the time of acceptance / placement of order, registration shall not be a relevant consideration during contract execution.

#### Government E-Marketplace

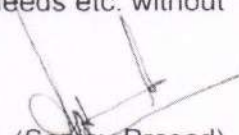
14. The Government E-Marketplace shall, as soon as possible, require all vendors/ bidders registered with GeM to give a certificate regarding compliance with this Order, and after the date fixed by it, shall remove non-compliant entities from GeM unless/ until they are registered in accordance with this Order.

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Model Clauses/ Certificates

15. Model Clauses and Model Certificates which may be inserted in tenders / obtained from Bidders are enclosed as **Annex III**. While adhering to the substance of the Order, procuring entities are free to appropriately modify the wording of these clauses based on their past experience, local needs etc. without making any reference to this Department.

  
(Sanjay Prasad)  
Joint Secretary (PPD)  
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To

- (1) Secretaries of All Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.
- (2) Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect of Public Enterprises.
- (3) Secretary DPIIT with a request to initiate action as provided under Annex I
- (4) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi

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## Annex I: Competent Authority and Procedure for Registration

- A. The Competent Authority for the purpose of registration under this Order shall be the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT)\*.
- B. The Registration Committee shall have the following members\*:
- i. An officer, not below the rank of Joint Secretary, designated for this purpose by DPIIT, who shall be the Chairman;
  - ii. Officers (ordinarily not below the rank of Joint Secretary) representing the Ministry of Home Affairs, Ministry of External Affairs, and of those Departments whose sectors are covered by applications under consideration;
  - iii. Any other officer whose presence is deemed necessary by the Chairman of the Committee.
- C. DPIIT shall lay down the method of application, format etc. for such bidders as stated in para 1 of this Order.
- D. On receipt of an application seeking registration from a bidder from a country covered by para 1 of this Order, the Competent Authority shall first seek political and security clearances from the Ministry of External Affairs and Ministry of Home Affairs, as per guidelines issued from time to time. Registration shall not be given unless political and security clearance have both been received.
- E. The Ministry of External Affairs and Ministry of Home Affairs may issue guidelines for internal use regarding the procedure for scrutiny of such applications by them.
- F. The decision of the Competent Authority, to register such bidder may be for all kinds of tenders or for a specified type(s) of goods or services, and may be for a specified or unspecified duration of time, as deemed fit. The decision of the Competent Authority shall be final.
- G. Registration shall not be granted unless the representatives of the Ministries of Home Affairs and External Affairs on the Committee concur\*.
- H. Registration granted by the Competent Authority of the Government of India shall be valid not only for procurement by Central Government and its agencies/ public enterprises etc. but also for procurement by State Governments and their agencies/ public enterprises etc. No fresh registration at the State level shall be required.

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- I. The Competent Authority is empowered to cancel the registration already granted if it determines that there is sufficient cause. Such cancellation by itself, however, will not affect the execution of contracts already awarded. Pending cancellation, it may also suspend the registration of a bidder, and the bidder shall not be eligible to bid in any further tenders during the period of suspension.
- J. For national security reasons, the Competent Authority shall not be required to give reasons for rejection / cancellation of registration of a bidder.
- K. In transitional cases falling under para 3 of this Order, where it is felt that it will not be practicable to exclude bidders from a country which shares a land border with India, a reference seeking permission to consider such bidders shall be made by the procuring entity to the Competent Authority, giving full information and detailed reasons. The Competent Authority shall decide whether such bidders may be considered, and if so shall follow the procedure laid down in the above paras.
- L. Periodic reports on the acceptance/ refusal of registration during the preceding period may be required to be sent to the Cabinet Secretariat. Details will be issued separately in due course by DPIIT.

[\*Note:

- i. In respect of application of this Order to procurement by/ under State Governments, all functions assigned to DPIIT shall be carried out by the State Government concerned through a specific department or authority designated by it. The composition of the Registration Committee shall be as decided by the State Government and paragraph G above shall not apply. However, the requirement of **political and security clearance as per para D shall remain and no registration shall be granted without such clearance.**
- ii. Registration granted by State Governments shall be valid only for procurement by the State Government and its agencies/ public enterprises etc. and shall not be valid for procurement in other states or by the Government of India and their agencies/ public enterprises etc.]

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## Annex II: Special Cases

- A. Till 31<sup>st</sup> December 2020, procurement of medical supplies directly related to containment of the Covid-19 pandemic shall be exempt from the provisions of this Order.
- B. *Bona fide* procurements made through GeM without knowing the country of the bidder till the date fixed by GeM for this purpose, shall not be invalidated by this Order.
- C. *Bona fide* small procurements, made without knowing the country of the bidder, shall not be invalidated by this Order.
- D. In projects which receive international funding with the approval of the Department of Economic Affairs (DEA), Ministry of Finance, the procurement guidelines applicable to the project shall normally be followed, notwithstanding anything contained in this Order and without reference to the Competent Authority. Exceptions to this shall be decided in consultation with DEA.
- E. This Order shall not apply to procurement by Indian missions and by offices of government agencies/ undertakings located outside India.

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### Annex III

#### Model Clause /Certificate to be inserted in tenders etc.

(While adhering to the substance of the Order, procuring entities and GeM are free to appropriately modify the wording of the clause/ certificate based on their past experience, local needs etc.)

#### Model Clauses for Tenders

- I. Any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority.
- II. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.
- III. "Bidder from a country which shares a land border with India" for the purpose of this Order means: -
  - a. An entity incorporated, established or registered in such a country; or
  - b. A subsidiary of an entity incorporated, established or registered in such a country; or
  - c. An entity substantially controlled through entities incorporated, established or registered in such a country; or
  - d. An entity whose *beneficial owner* is situated in such a country; or
  - e. An Indian (or other) agent of such an entity; or
  - f. A natural person who is a citizen of such a country; or
  - g. A consortium or joint venture where any member of the consortium or joint venture falls under any of the above
- IV. The *beneficial owner* for the purpose of (iii) above will be as under:
  1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation—

    - a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five per cent. of shares or capital or profits of the company;

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- b. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;
2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;
  3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;
  4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
  5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- V. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.
- VI. *[To be inserted in tenders for Works contracts, including Turnkey contracts]* The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority.

Model Certificate for Tenders (for transitional cases as stated in para 3 of this Order)

*"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I hereby certify that this bidder is not from such a country and is eligible to be considered."*

Model Certificate for Tenders

*"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this bidder is not from such a country or, if from such a country, has been registered with the*

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*Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"*

**Model Certificate for Tenders for Works involving possibility of sub-contracting**

*"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such countries; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority and will not sub-contract any work to a contractor from such countries unless such contractor is registered with the Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"*

**Model Certificate for GeM:**

*"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this vendor/ bidder is not from such a country or, if from such a country, has been registered with the Competent Authority. I hereby certify that this vendor/ bidder fulfills all requirements in this regard and is eligible to be considered for procurement on GeM. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"*

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\*\*\*\*\*

F.No.6/18/2019-PPD  
Ministry of Finance  
Department of Expenditure  
Public Procurement Division

161, North Block  
New Delhi  
23rd July, 2020


**Order ( Public Procurement No. 2)**

**Subject: Exclusion from restrictions under Rule 144 (xi) of the General Financial Rules (GFRs), 2017 –regarding.**

In Order (Public Procurement No. 1) dated 23rd July 2020, orders have been issued requiring registration of bidders from a country sharing a land border with India in order to be eligible to bid in public procurement.

2. Notwithstanding anything contained therein, it is hereby clarified that the said Order will not apply to bidders from those countries (even if sharing a land border with India) to which the Government of India has extended lines of credit or in which the Government of India is engaged in development projects.

3. Updated lists of countries to which lines of credit have been extended or in which development projects are undertaken are given in the website of the Ministry of External Affairs.

  
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Joint Secretary (PPD)  
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Telephone: 011-23093882

To,

- (1) Secretaries of All Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.
- (2) Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect of Public Enterprises.
- (3) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi



F.No.6/18/2019-PPD  
Ministry of Finance  
Department of Expenditure  
Public Procurement Division

161, North Block,  
New Delhi  
24<sup>th</sup> July, 2020

**Order (Public Procurement No. 3)**

**Subject: Clarification to Order (Public Procurement No.1) dated 23<sup>rd</sup> July 2020**

Attention is invited to paragraph 3(b) of the Order (Public Procurement No.1), under the heading "Transitional provisions" which reads as follows:

- b) *If the tendering process has crossed the first exclusionary qualificatory stage: If the qualified bidders include bidders from such countries, the entire process shall be scrapped and initiated *de novo*. The *de novo* process shall adhere to the conditions prescribed in this Order.*

It is hereby clarified that for the purpose of paragraph 3 (b), "qualified bidders" means only those bidders who would otherwise have been qualified for award of the tender after considering all factors including price, if Order (Public Procurement No. 1) dated 23<sup>rd</sup> July 2020 had not been issued.

2. If bidders from such countries would not have qualified for award for reasons unconnected with the said Order (for example, because they do not meet tender criteria or their price bid is higher or because of the provisions of purchase preference under any other order or rule or any other reason) then there is no need to scrap the tender / start the process de novo.

3. The following examples are given to assist in implementation of the Order.

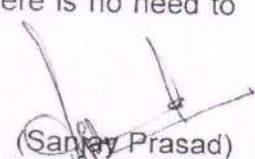
Example 1: Four bids are received in a tender. One of them is from a country which shares a land border with India. The bidder from such country is found to be qualified technically by meeting all prescribed criteria and is also the lowest bidder. In this case, the bidder is qualified for award of the tender, except for the provisions of the Order (Public Procurement No. 1) dated 23<sup>rd</sup> July. In this case, the tender should be scrapped and fresh tender initiated.

Example 2: The facts are as in Example 1, but the bidder from such country, though technically qualified is not the lowest because there are other technically qualified bidders whose price is lower. Hence the bidder from such country would not be

qualified for award of the tender irrespective of the Order (Public Procurement No. 1) dated 23<sup>rd</sup> July 2020. In such a case, there is no need to scrap the tender.

Example 3: The facts are as in Example 1, but the bidder from a country which shares a land border with India, though technically qualified, is not eligible for award due to the application of price preference as per other orders/ rules. In such a case, there is no need to scrap the tender.

Example 4: Three bids are received in a tender. One of them is a bidder from a country sharing a land border with India. The bidder from such a country does not meet the technical requirements and hence is not qualified. There is no need to scrap the tender.

  
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Telephone: 011-23093882

To,

- (1) Secretaries of All Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform the clarification to all procuring entities.
- (2) Secretary, Department of Public Enterprises with a request to immediately circulate this clarification among Public Enterprises.
- (3) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi

No. P-45021/2/2017-PP (BE-II)  
Government of India  
Ministry of Commerce and Industry  
Department for Promotion of Industry and Internal Trade  
(Public Procurement Section)

Udyog Bhawan, New Delhi  
Dated: 16<sup>th</sup> September, 2020

To

All Central Ministries/Departments/CPSUs/All concerned

**ORDER**

**Subject: Public Procurement (Preference to Make in India), Order 2017– Revision; regarding.**

Department for Promotion of Industry and Internal Trade, in partial modification [Paras 2, 3, 5, 10 & 13] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, Order No.P-45021/2/2017-B.E.-II dated 29.05.2019 and Order No.P-45021/2/2017-B.E.-II dated 04.06.2020, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' dated 16.09.2020 effective with immediate effect.

**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.

*'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' under this Order.

.....Contd. p/2

'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' under this Order.

'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' under 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 "Class-I 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 or works.

'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.

'Works' means all works as per Rule 130 of GFR- 2017, and will also include 'turnkey works'.

### **3. Eligibility of 'Class-I local supplier' / 'Class-II local supplier' / 'Non-local suppliers' for different types of procurement**

(a) In procurement of all goods, services or works in respect of which the Nodal Ministry / Department has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier', as defined under the Order, shall be eligible to bid irrespective of purchase value.

(b) Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'. In procurement of all goods, services or works, not covered by sub-para 3(a) above, and with estimated value of purchases less than Rs. 200 Crore, in accordance with Rule 161(iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure.

(c) For the purpose of this Order, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

.....Contd. p/3

### 3A. Purchase Preference

(a) 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 'Class-I local supplier' in procurements undertaken by procuring entities in the manner specified here under.

(b) In the procurements of goods or works, which are covered by para 3(b) above and which are divisible in nature, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.
- ii. If L1 bid is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price for the remaining 50% quantity subject to the Class-I local supplier's quoted 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 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 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.

(c) In the procurements of goods or works, which are covered by para 3(b) above and which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.
- ii. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.
- iii. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I 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 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

- (d) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by procuring entities.

**3B. Applicability in tenders where contract is to be awarded to multiple bidders -**

In tenders where contract is awarded to multiple bidders subject to matching of L1 rates or otherwise, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- a) In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only 'Class I Local suppliers'.
- b) In other cases, 'Class II local suppliers' and 'Non local suppliers' may also participate in the bidding process along with 'Class I Local suppliers' as per provisions of this Order.
- c) 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 should 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 so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract for at least 50% of the tendered quantity.
- d) First purchase preference has to 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.
- e) To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to 'Class-I local supplier' within the broad policy guidelines stipulated in sub-paras above.

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 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier', the 'local content' requirement is minimum 20%. Nodal Ministry/ Department may prescribe only a higher

percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier'/ 'Class-II local supplier'. For the items, for which Nodal Ministry/ Department has not prescribed higher minimum local content notification under the Order, it shall be 50% and 20% for 'Class-I local supplier'/ 'Class-II local supplier' respectively.

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 'Class-I local supplier'/ 'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local supplier'/ 'Class-II local supplier', as the case may be. They shall also 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 '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.
  - 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 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 'Class-I local supplier'/ 'Class-II local supplier' 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. Reciprocity Clause**

- i. When a Nodal Ministry/Department identifies that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GeM for appropriate reciprocal action.



- ii. Entities of countries which have been identified by the nodal Ministry/Department as not allowing Indian companies to participate in their Government procurement for any item related to that nodal Ministry shall not be allowed to participate in Government procurement in India for all items related to that nodal Ministry/ Department, except for the list of items published by the Ministry/ Department permitting their participation.
  - iii. The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry/ Department.
  - iv. State Governments should be encouraged to incorporate similar provisions in their respective tenders.
  - v. The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.
- e. Specifying foreign certifications/ unreasonable technical specifications/ brands/ models in the bid document is restrictive and discriminatory practice against local suppliers. If foreign certification is required to be stipulated because of non-availability of Indian Standards and/or for any other reason, the same shall be done only after written approval of Secretary of the Department concerned or any other Authority having been designated such power by the Secretary of the Department concerned.
- f. "All administrative Ministries/Departments whose procurement exceeds Rs. 1000 Crore per annum shall notify/ update their procurement projections every year, including those of the PSEs/PSUs, for the next 5 years on their respective website."

**10A. Action for non-compliance of the Provisions of the Order:** In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.

**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 the higher 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.

13A. In procurement of all goods, services or works in respect of which there is substantial quantity of public procurement and for which the nodal ministry has not notified that there is sufficient local capacity and local competition, the concerned nodal ministry shall notify an upper threshold value of procurement beyond which foreign companies shall enter into a joint venture with an Indian company to participate in the tender. Procuring entities, while procuring such items beyond the notified threshold value, shall prescribe in their respective tenders that foreign companies may enter into a joint venture with an Indian company to participate in the tender. The procuring Ministries/Departments shall also make special provisions for exempting such joint ventures from meeting the stipulated minimum local content requirement, which shall be increased in a phased manner.

14. **Powers to grant exemption and to reduce minimum local content:** The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,

- a. reduce the minimum local content below the prescribed level; or
- b. reduce the margin of purchase preference below 20%; or
- c. exempt any particular item or supplying entities from the operation of this Order or any part of the Order.

A copy of every such order shall be provided to the Standing Committee and concerned Nodal Ministry / Department. The Nodal Ministry / Department concerned will continue to have the power to vary its notification on Minimum Local Content.

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 for Promotion of Industry and Internal Trade—Chairman  
Secretary, Commerce—Member  
Secretary, Ministry of Electronics and Information Technology—Member  
Joint Secretary (Public Procurement), Department of Expenditure—Member  
Joint Secretary (DPIIT)—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.

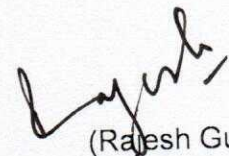
**17. Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee

- a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
- b. shall annually assess and periodically monitor compliance with this Order
- c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
- d. may require furnishing of details or returns regarding compliance with this Order and related matters
- e. 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
- f. 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
- g. 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.



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**OFFICE MEMORANDUM**

**Subject: Concurrent application of Public Procurement Policy for Micro and Small Enterprises Order, 2012 and Public Procurement (Preference to Make in India) Order, 2017.**

The undersigned is directed to refer two Preferential Procurement Orders mandated for the Public Procurement in India, namely:

- i. Public Procurement Policy for Micro and Small Enterprises (MSEs) Order dated 23.03.2012 (PPP-MSE Order) issued by Ministry of Micro, Small and Medium Enterprises (MoMSME) in exercise of the powers conferred in Section 11 of the MSME Development Act, 2006. (Last revised on 09.11.2018)
  - ii. Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII order), under Rule 153(iii) of the General Financial Rules (GFRs) 2017, approved by the Cabinet. Implementation of this PPP-MII order is monitored by Department for Promotion of Industry and Internal Trade (DPIIT). (Last revised on 16.09.2020.)
2. It has been brought to the notice of this Department that concurrent application of these two orders are creating confusion to the procuring entities and different procuring entities interpret them differently. In order to bring predictability both to the procuring entities as well as bidders, following guidelines are being issued.

**Guidelines**

3. The Class-I local suppliers, under PPP-MII Order, participating in any government tender, may or may not be MSEs, as defined under the MSME Act. Similarly, MSEs participating in any government tender, may or may not be Class-I local suppliers. Suppliers may be categorised in following four broad categories for consideration or applicability of purchase preference:

| <b>Category</b>                                    | <b>Terminology</b>                   |
|----------------------------------------------------|--------------------------------------|
| Supplier is both MSE & Class-I local supplier.     | "MSE Class-I local supplier"         |
| Supplier is MSE but not Class-I local supplier.    | "MSE but non-Class-I local supplier" |
| Supplier is not MSE but is Class-I local supplier. | "Non-MSE but Class-I local supplier" |
| Supplier is neither MSE nor Class-I local.         | "Non-MSE non-Class-I local supplier" |

4. The applicability of PPP-MSE Order and PPP-MII Order in various scenarios, involving simultaneous purchase preference to MSEs and Class-I local suppliers under PPP-MSE Order and PPP-MII Order respectively, shall be as under:

a) *Items covered under Para 3(a) of PPP- MII Order, 2017 for which Nodal Ministry has notified sufficient local capacity and competition:* For these items, only Class-I local suppliers are eligible to bid irrespective of purchase value. Hence, Class-II local suppliers or Non-local suppliers, including MSEs which are Class-II local suppliers/ Non-local suppliers, are not eligible to bid. Possible scenarios can be as under:

- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
- (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is given to MSEs as per PPP-MSE Order. Balance quantity is to be awarded to the L-1 bidder.

b) *Items reserved exclusively for procurement from MSEs as per PPP-MSE Order:* These items are reserved exclusively for purchase from MSEs. Hence, non-MSEs are not eligible to bid for these items. Possible scenarios can be as under:

- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
- (ii) L-1 is "MSE non-Class-I local supplier" - Purchase preference is to be given to Class-I local supplier as per PPP-MII Order. Balance quantity, is to be awarded to L-1 bidder.

c) *If items are neither notified for sufficient local capacity nor reserved for MSEs, then the process will be as follows:*

c (a) Items covered under Para 3A(b) of PPP-MII Order are divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:

- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
- (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is to be given to MSEs, if eligible, as per PPP-MSE Order. Balance quantity is to be awarded to L-1 bidder.
- (iii) L-1 is "MSE but non-Class-I local supplier" - Purchase preference is to be given to Class-I local suppliers, if eligible, as per PPP-MII Order. Balance quantity is to be awarded to L-1 bidder.
- (iv) L-1 is "Non-MSE non-Class-I local supplier" - Purchase preference is to be given to MSEs as per PPP-MSE Order. Thereafter, purchase preference is to be given to Class-I local suppliers for "50% of the tendered quantity minus quantity allotted to MSEs

above” as per PPP- MII Order. For the balance quantity, contract is to be awarded to L-1 bidder. (Kindly refer to the illustrative example in the annexure).

- c (b) Items covered under Para 3A(c) of PPP-MII Order, 2017 are non-divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:
- (i) L-1 is “MSE Class-I local supplier” - Contract is awarded to L-1.
  - (ii) L-1 is not “MSE Class-I local supplier” but the “MSE Class-I local supplier” falls within 15% margin of purchase preference - Purchase preference is to be given to lowest quoting “MSE Class-I local supplier”. If lowest quoting “MSE Class-I local supplier” does not accept the L-1 rates, the next higher “MSE Class-I local supplier” falling within 15% margin of purchase preference is to be given purchase preference and so on.
  - (iii) If conditions mentioned in sub paras (i) and (ii) above are not met i.e. L-1 is neither “MSE Class-I local supplier” nor “MSE Class-I local supplier” is eligible to take benefit of purchase preference, the contract is to be awarded/ purchase preference to be given in different possible scenarios as under:
    - A. L1 is “MSE but non-Class-I local supplier” or “Non-MSE but Class-I local supplier” – Contract is awarded to L1.
    - B. L1 is “Non-MSE non-Class-I local supplier” - First purchase preference to be given to MSE as per PPP-MSE Order. If MSE not eligible/ does not accept - purchase preference to be given to Class- I Local supplier as per PPP-MII Order. If Class-I Local supplier also not eligible/ does not accept – contract to be awarded to L-1.
- d) *Items reserved for both MSEs and Class-I local suppliers:* These items are reserved exclusively for purchase from MSEs as well as Class-I local suppliers. Hence, only “MSE Class-I local supplier” are eligible to bid for these items. Non-MSEs/Class-II local suppliers/ Non-local suppliers cannot bid for these items. Hence the question of purchase preference does not arise.
- e) Non-local suppliers, including MSEs falling in the category of Non-local suppliers, shall be eligible to bid only against Global Tender Enquiry.

  
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To

1. Secretaries of all Central Government Ministries/ Departments.
2. Secretary Department of Public Enterprises with a request for issuing suitable instructions to all Central Public Sector Enterprises in this regard.

**Example explaining applicability in scenario explained in para 4 c (a)(iv)**

(Scenario: Divisible items, both MSEs as well as Class-I local suppliers eligible for purchase preference and L-1 is "Non-MSE non-Class-I local supplier")

**Item** – Desktop computer

**Qty** – 50 Nos.

**Details of bids received**

| Sr. No. | Name of bidder | Rates quoted | Price Ranking | Status of bidder                      |
|---------|----------------|--------------|---------------|---------------------------------------|
| 1.      | A              | 100          | L1            | "Non-MSE non- Class-I local supplier" |
| 2.      | B              | 110          | L2            | "Non-MSE but Class-I local supplier"  |
| 3.      | C              | 112          | L3            | "MSE but non- Class-I local supplier" |
| 4.      | D              | 115          | L4            | "Non-MSE but Class-I local supplier"  |
| 5.      | E              | 118          | L5            | "MSE but non- Class-I local supplier" |
| 6.      | F              | 120          | L6            | "MSE Class-I local supplier"          |

1. In this case, first purchase preference is to be given to MSEs as per PPP-MSE Order for 25% of tendered quantity of 50 Nos. i.e. 12.5 Nos. (rounded off to the next whole number say 13 Nos). Accordingly, invite L3 (bidder C), whose quoted rates falls within 15% margin of purchase preference to match L1 price i.e. Rs. 100/- for quantity of 13 Nos. Bidder "E" and "F", although MSEs, will not get purchase preference since their quoted rates don't fall within 15% margin of purchase preference. Bidder C will be considered for order of 13 Nos. on confirmation of reduction of price.
2. For 50% of balance quantity of 37 number (tendered quantity of 50 – 13 awarded to bidder C; assuming bidder C has confirmed to accept L1 rates), purchase preference will be given to lowest Class-I local supplier as per PPP-MII Order. Accordingly, bidder B will be invited to match L-1 price for 50% of 37 Nos i.e. 18.5 (say 19 Nos of computers). If bidder "B" does not accept the L1 price i.e. price of Rs. 100/- per unit, next higher Class-I local supplier falling within 20% margin of purchase preference, i.e. bidder "D", may be invited to match L-1 price for 19 Nos. of computers and so on.
3. For remaining quantity i.e. 18 Nos (50-13-19), the contract will be awarded to lowest quoting bidder i.e. Bidder "A", who is L-1 in the example.

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