

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

LOK SABHA

**UNSTARRED QUESTION NO. 2074.
TO BE ANSWERED ON MONDAY, THE 1ST JANUARY, 2018.**

PREFERENCE TO MAKE IN INDIA

2074. SHRI R. PARTHIPAN:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has recently given its approval for a national procurement policy that gives preference to 'Make in India' in Government procurement and if so, the details thereof;
- (b) whether this aims to maintain the balance between promoting 'Make in India' and ensuring time, quality and value for money products for the procuring Government entities and if so, the details thereof; and
- (c) whether the new policy will boost domestic manufacturing and service provision and will enhance income and employment in the country and if so, the details thereof?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री सी.आर. चौधरी)

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI C.R. CHAUDHARY)**

- (a) to (c):** Yes Madam. The "Public Procurement (Preference to Make in India) Order, 2017" dated 15th June 2017 aims to promote manufacturing and production of goods and services in India with a view to enhance income and employment. The salient features of the Order are:
- i. Nodal Ministries have been identified for different sectors/ goods and services.
 - ii. The Order is applicable on procurement of both goods and services by a Central Ministry/ Department or their attached/ subordinate offices or autonomous bodies controlled by the Government of India, including Government companies.
 - iii. Wherever the estimated value of procurement is Rs. 50 lakhs or less, only local suppliers shall be eligible to participate in the procurement process.

- iv. Where the estimated value of procurement exceeds Rs. 50 lakhs, if a lowest bid (L1) is by a local supplier, then the entire contract will be awarded to L1. However, if the L1 bid is not from a local supplier, then the lowest bidder among the local suppliers will be invited to match the L1 price, provided his bid is within the margin of purchase preference of 20%. Accordingly, 50% of the Order quantity shall be procured from the local supplier(s) if the goods procured are divisible in nature. If the goods are not divisible or the services being procured are being valued on price alone, the entire contract shall be awarded to such local supplier subject to his matching the L1 price.
- v. Procurements less than Rs. 5 lakhs shall not be required to follow the process in this Order.
- vi. The minimum local content shall ordinarily be 50%, which can however be varied by the Nodal Ministry.
- vii. The local supplier shall have to provide self certification regarding meeting the criteria of minimum local content.

The Order provides that the procuring entities shall endeavour to see that eligibility conditions in tenders such as turnover, production capability and financial strength should not result in unreasonable exclusion of local suppliers beyond what is essential for ensuring quality and credit worthiness of the supplier. Thus, it maintains the necessary balance, both in terms of quality as also lowest cost to the procuring entity.
