Government of India
Ministry of Commerce and Industry
Department of Promotion of Industry and Internal Trade
(Public Procurement Division)

FREQUENT QUERIES OF APPLICANTS IN RTI APPLICATIONS
&
RESPONSE OF PUBLIC PROCUREMENT DIVISION, DPIIT ON THE QUESTIONS u/s 4 OF RTI ACT, 2005

FREQUENTLY ASKED QUESTIONS

Question 1. How to calculate Local Content?

Answer: *Para 2 of the* PPP-MII Order, 2017 (as amended on 19.07.2024) defines local content as:
'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.

Mathematically,

Local content = (Sale price - Value of imported content) * 100/ Sale price

Where, "Sale price" means price excluding net domestic indirect taxes and "Value of imported content" means price of imported content inclusive of all customs duties

Question 2. How to calculate Local Content in bids involving supply of multiple items from single bidder?

Answer: In case of bids requiring supply of multiple items (say "X_1", "X_2" and "X_3") by a single bidder, the local content in the bid shall be

Local content = ((Sale price of "X_1" - Value of imported content in "X_1") + (Sale price of "X_2" - Value of imported content in "X_2") + (Sale price of "X_3" - Value of

imported content in "X_3")) * 100/ (Sale price of "X_1" + Sale price of "X_2" + Sale price of "X_3")

Question 3. How to obtain Make in India "MII" certificate?

Answer: No such certificate issued by Government of India. However, as per para 9 (a) of PPP-MII Order, 2017 (as amended on 19.07.2024), the 'Class-I local supplier'/Class-II local supplier' at the time of tender or bidding is 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.

i. As para 9 (b) of the Order, for value in excess of Rs. 10 Crores, the 'Class-I local supplier'/Class-II local supplier' shall provide a certificate from the statutory auditor or the cost auditor of the company (in the case of companies) and from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
ii. As per para 9 (c) of PPP-MII Order, 2017 (as amended on 19.07.2024), the bidder shall give self-certification for local content in the quoted item (goods/works/services) at the time of tendering. However, at the time of execution of the project, for all contracts above INR 10 Crore, the contractor/ supplier shall be required to give local content certification duly certified by cost/ chartered accountant in practice. For cases where it is not possible to provide certification by Cost/Chartered Accountant at the time of execution of project, the supplier shall be permitted to provide the certificate for local content from Cost/ Chartered Accountant after completion of the contract, within time limit acceptable to the procuring entity.

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Question 4. What penalty is imposed on a bidder or supplier who fails to meet the declared local content requirement at the time of bidding, resulting in a change in their supplier category from Class-I to Class-II/Non-local supplier or from Class-II to Non-local supplier?

Answer: In case the contractor/ supplier does not meet the stipulated local content requirement and the category of the supplier changes from Class-I to Class-II/ Non-local or from Class-II to Non-local, a penalty upto 10% of the contract value may be imposed. However, contract once awarded shall not be terminated on this account.

Question 5. What is the meaning of class-I local supplier, class-II local supplier and non-local supplier?

Answer: PPP-MII Order, 2017 (as amended on 19.07.2024) classifies the suppliers into following 3 categories:

a. 'Class-I local supplier' – Suppliers offering items with equal to or more than 50% local content
b. 'Class-II local supplier' - Suppliers offering items with equal to or more than 20% but less than 50% local content
c. 'Non local supplier' - Suppliers offering items with Less than 20% local content

Nodal Ministries/ Departments are authorized to notify a higher minimum local content requirement for any item, i.e. higher than 50/20%, if they deem fit

Question 6. Details of product categories for which nodal Ministry have been notified by DPIIT for PPP-MII, Order 2017 may be provided?

Answer: DPIIT has notified 21 nodal Ministries for different product categories. The details of such product categories and associated Ministry/ Department are available on DPIIT website. Refer link:
https://dpiit.gov.in/sites/default/files/Approved_ProductCategories_10April2024.pdf

Question 7. Can an item be procured from non-local suppliers, if there are no Class-I/ Class-II local suppliers in the country.

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Answer: Non-local suppliers can only participate in global tender enquiry. Against domestic/ national tenders, only Class-I and Class-II local suppliers can participate in the bidding process. Hence, in case item is not available locally from Class-I/ Class-II local suppliers, global tender enquiry may be floated for procuring item after taking approval of competent authority, as notified by Department of Expenditure under Rule 161(iv) of GFR.

Question 8. Are provisions of PPP-MII Order applicable only in procurement of the items for which nodal Ministries have been notified and the items for which nodal ministries have issued local content notification?

Answer: No. The provisions of PPP-MII Order are applicable on procurement of all the items by Central Government procurement entities. For the items, for which nodal ministries have not been designated and the items for which nodal ministries have not issued minimum local content notification, the default provision of PPP-MII Order shall apply.

Question 9. Will the cost of transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. will be considered as a part of local content?

Answer: The cost of transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. will not be taken into account for calculating local content in any item. DPIIT OM No. P-45021/102/2019-BE-II-Part(1) (E-50310) dated 04.03.2021 refers, available on DPIIT Website. Refer link https://dpiit.gov.in/sites/default/files/Letter%20to%20All%20Ministries030420 21_clarification.pdf

Question 10. Can administrative Ministries grant exemption/ relaxation for procurement of imported items with the approval of Hon'ble Minister In-charge under Para 14 of PPP-MII Order?

Answer: Procurement of imported item is governed by Rule 161 (iv) of GFR. Hon'ble Minister In-charge of administrative Ministry is not the appropriate authority for any exemption/waiver in GFR. As such, procuring entities are advised to follow the procedures as prescribed in GFR Rule 161 (iv) for procurement of imported items.

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Question 11. Can administrative Ministry/Departments give exemption for wide range of product categories for an extended period of time under Para 14 of PPP-MII Order with the approval of Hon'ble Minister In- charge?

Answer: The administrative Ministries/ Departments shall grant only tender specific exemptions under Para 14 of the Order. Exemptions granted shall remain valid for a period of maximum 01 year only. If the same items are procured again within the aforesaid period of 01year, fresh approval of Minister-in-charge is not required. If any administrative Ministry/ Department intends to grant exemption beyond a period of 01 year, it shall do so only with prior written concurrence of concerned nodal Ministry.

Question 12. How do I apply for DPIIT registration under Rule 144 (xi) GFR for entities having beneficial ownership in land border sharing countries?

Answer: The application format for registration of bidders under Rule 144 (xi) GFR is available on DPIIT website. Refer link: https://dpiit.gov.in/sites/default/files/Revised-Format-Bidders-31March2021.pdf. Applicants are required to submit one hard copy in the prescribed format along with soft copy (pdf), as detailed in the covering letter of the format. The applicant shall be asked to submit additional hard copies, if required at the later stage.

Question 13. What will be the category of the local suppliers having exactly 20% and 50% local content?

Answer: Vide its para 5, the Public Procurement (Preference to Make in India) Order, 2017 dated 19.07.2024 stipulates the minimum local content requirement as under:

"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."

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Accordingly, the local suppliers having exactly 20% and 50% local content will be categorized as "Class-II Local Supplier" and 'Class-I Local Supplier' respectively.

Question 14. Whether a Central Government/CPSE Buyer can take cognizance of open undertakings/ futuristic declarations and treat bidder as Class I/ Class II local supplier through the present level of local content of the bidder happens to be below 50%/ 20% respectively?

Answer: Detailed Procedure for Verification of local content declared by suppliers /vendors is elaborated on clause 9 of PPP-MII Order, 2017 dated 19.07.2024 and as per the Order, futuristic declarations regarding local content is not allowed.

Question 15: Is procurement of spare parts, consumables exempted from PPP-MII Order, 2017?

Answer: Procurement of spare parts, consumables for closed systems and maintenance/Service contracts with Original Equipment manufacturer/Original Equipment Supplier/Original Part manufacturer shall be exempted from this Order.

Question 16: Is sourcing from Class-I local suppliers mandatory in SI/EPC/Turnkey Contracts/Service Tenders when there is sufficient local capacity and competition?

Answer: Yes, as per Para 3.1(a) of PPP-MII Order, 2017 (as amended on 19.07.2024), the items, notified as having sufficient local capacity and competition, shall mandatory be sourced from Clas-I local suppliers in SI/EPC/Turnkey Contracts/Services tenders. This provision will be applicable only for those items which have been notified by the Nodal Ministry as Class-I. i.e. having sufficient capacity and competition, with specific HSN codes.

Question 17: What is the definition of repackaged/ refurbished/rebranded imported products?

Answer: The definition of repackaged/refurbished/rebranded imported products is as follows:

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a. 'Refurbishing' means repair or reconditioning of an imported product which does not amount to manufacture because no new goods come into existence.
b. 'Repackaging' means repacking of imported goods from bulk pack to smaller packs which would not ordinarily amount to manufacture of a new item.
c. 'Rebranding' means relabeling or renaming or change in symbol or logo/makes or corporate image of a company/organization/firm for an imported product which would amount only to rebranding

Question 18. How can we calculate local content in contracts involving supply of multiple items?

Answer: For contracts involving supply of multiple items, weighted average of all items to be taken while calculating the local contents.

Question 19: Is there any preferential treatment under PPP-MII Order for products manufactured under the PLI scheme?

Answer: Yes, the manufacturers manufacturing an item under PLI scheme shall be treated as deemed Class II local supplier for that item unless they have minimum local content equal to or higher than the notified for Class I local supplier for that item, provided the manufacturer has received incentive from the concerned PLI Ministry/Department for the item. The above shall be applicable for the specific time period only, as notified by the concerned PLI Ministry/Department.

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