

**File No. 12(39)/2018-AEI
Government of India
Ministry of Heavy Industries & Public Enterprises**

Udyog Bhawan, New Delhi
Dated: 4th May, 2020

NOTIFICATION

Subject: Public Procurement (Preference to Make in India) Order 2017(Revision)- Notifying Automobile and Automotive Components in furtherance of the Order

Reference: Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-PP(B.E.-II) dated 29.05.2019

The Government has issued Public Procurement (Preference to Make in India) Order 2017- Revision vide the Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-PP(B.E.-II) dated 29.05.2019 to encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment.

2. In furtherance of the Public Procurement (Preference to Make in India) Order 2017- Revision notified vide reference cited above, the Ministry of Heavy Industries & Public Enterprises (HI&PE) hereby notifies that purchase preference shall be provided by all Government Procuring Entities to domestically manufactured Automobile and Automotive Components as per the aforesaid Order.

3. Following Automobile and Automotive Components are notified under the Public Procurement (Preference to Make in India) Order 2017, revision to the gazette notification dated 19.11.2018:

3.1. Automobiles based on IC Engines

Definition:

For the purpose of this Notification, Automobiles would mean two & three wheelers, passenger vehicles, commercial vehicles etc.

Percentage Local Content required to qualify as domestically manufactured	65%
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3.2. Automotive Components for IC Engine Vehicles

Definition:

For the purpose of this Notification, Automotive Components would mean components/spares required for manufacture/maintenance of two & three wheelers, passenger vehicles, commercial vehicles etc.

Percentage Local Content required to qualify as domestically manufactured	60%
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3.3 *In procurement of automobiles and automobile components, except those listed below, in respect of which the estimated value of procurement is less than INR 50 Lakhs, only local suppliers shall be eligible to bid. However, for the following items there is sufficient local capacity & local competition and hence only local suppliers shall be eligible to bid irrespective of purchase value subject to meeting minimum local content as per above paras for these items.*

(i)

S. No.	Automobiles based on IC Engines
1	Passenger Vehicles (passenger cars, utility vehicles, vans)
2	Commercial vehicles (LCVs, M&HCVs)
3	Two-wheelers (Mopeds, Scooters, Motorcycles)
4	Three-wheeler (Goods & Passengers)

(ii)

S. No.	Automotive Components for IC Engine Vehicles
1	Rubber Parts
2	Asbestos packing joints and gaskets
3	Brake Linings And Pads (Containing Asbestos)
4	Asbestos friction materials
5	Brake linings and pads (Not containing Asbestos)
6	Automotive Glass
7	Leaf-springs : For motor vehicles
8	Leaf-springs : Leaves for springs
9	Helical springs
10	Spring pins
11	Automotive Wheels
12	Locks of a kind used for motor vehicles
13	All types of diesel, petrol, Hybrid engine and engine parts
14	Gas compressors, Turbo charger
15	Parts - air conditioning

16	Oil or petrol-filters for internal combustion engines
17	Intake air filters for internal combustion engines
18	Air Purifiers or Cleaners
19	Parts of Machinery and apparatus for filtering
20	All kind of bearings
21	Bearing housings, incorporating ball or roller bearings
22	Bearing housings, not incorporating ball or roller bearings plain shaft bearings
23	Gears and gearing, other than toothed wheels, chain sprockets and other transmission elements presented separately; ball or roller screws; gear boxes and other speed changers, including torque converters
24	Pulleys, power transmission
25	Flexible coupling
26	Fluid coupling
27	Other: Clutches and Shaft couplings, including Universal joints
28	Toothed wheels, chain sprockets and other transmission elements presented separately; parts
29	Asbestos metallic packings and gaskets (excluding gaskets of asbestos board reinforced with metal gauze or wire)
30	Mechanical seals
31	Spark plugs
32	Head lamps, tail lamps, stop lamps, side lamps and blinkers
33	Other automobile lighting equipment & Automotive Lighting
34	Horns
35	Windscreen wipers, defrosters and demisters
36	Sealed beam lamp units
37	Ignition wiring sets and other wiring sets of a kind used in vehicles
38	Safety seat belts
39	Gear boxes and parts thereof
40	Drive-axles with differential, whether or not provided with other transmission components, non-driving axles; parts thereof
41	Road wheels and parts and accessories thereof
42	Suspension systems and parts thereof (including shock absorbers) for motor vehicles
43	Radiators and parts thereof
44	Silencers (mufflers) and exhaust pipes; parts thereof
45	Clutches and parts thereof (Sintered Friction materials-SFM products)
46	Steering wheels, steering columns and steering boxes; parts thereof
47	Tachometers, non-electrical
48	Other optical instruments and appliances :Parts and accessories (Measuring & Checking Instruments -Sensors)
49	Instrument Panel Clocks and Clocks of a similar type for vehicles
50	Seats of a kind used for motor vehicles
51	Electrical Parts such motors, wiring harness, etc.
52	Suspension & Braking parts

53	Interiors (non-electronic)
54	Body and chassis parts
55	Drive Transmission & Steering
56	Automotive Switches, Instrument panels

4. The Notification comes into effect immediately and would be reviewed periodically.

5. Procedure for calculating local content/ domestic value addition

5.1 Bill of Material sourced from domestic manufacturers (Dom-BOM) may be calculated based on one of the following, depending on data available. Each of these calculations should provide consistent result.

a. Sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit/ set-off can be taken) and which have not been imported directly or through a domestic trader or an intermediary.

b. Ex-Factory Price of product minus profit after tax minus sum of imported Bill of Material used (directly or indirectly) as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit/ set-off can be taken) minus warranty costs.

c. Market price minus post-production freight, insurance and other handling costs minus profit after tax minus warranty costs minus sum of Imported Bill of Material used as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) minus sales and marketing expenses.

5.2 Total Bill of Material (Total-BOM) may be calculated based on one of the following depending on data available. Each of these calculations should provide consistent result.

a. Sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken).

b. Ex-Factory Price of product minus profit after tax, minus warranty costs.

c. Market price minus post-production freight, insurance and other handling costs minus profit after tax, minus warranty costs minus sales and marketing expenses.

5.3 The percentage of domestic value-addition may be calculated based on information furnished as per the following formula:

$$\text{Percentage of domestic value-addition} = (\text{Dom-BOM}/\text{Total-BOM}) \times 100$$

It is recommended that each agency assessing should calculate the domestic local content/value-addition using at least two of the above formulae so as to validate the assessments in this regard and ensure that the domestic value addition that is claimed is consistent.

6. Verification of local content/ Domestic Value Addition

a. The local supplier at the time of tender, bidding or solicitation shall provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.

b. In cases of procurement for a value in excess of Rs.10 crore, the local supplier shall provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practising cost accountant or practising chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.

c. 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.

7. In terms of clause 13 of DIPP Order 2017(revision), the supplier may be exempted from meeting the notified minimum local content if the product is being manufactured in India under foreign collaboration/ a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement for indigenous manufacture of the product developed abroad with clear phasing of increase in local content.

8. MHI&PE shall be the Nodal Ministry to monitor the implementation of the Automotive Products Notification.

30/04/20

Joint Secretary to Government of India
Tel.: 23063733
New Delhi, Dated: 04-05-2020

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. NITI Aayog
5. Comptroller and Auditor General of India
6. AS&FA, DHI
7. Joint Secretary (DIPP), Member-Convener of Standing Committee of Public Procurement Order 2017
8. Internal Distribution

30/04/20

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