

Additional Terms & conditions

(to be enclosed where the tenders to be issued with Purchase Preference clause)

In line with Public Procurement (Preference to Make in India), Order 2017 issued by Govt. of India & with a view to support the Indian industries by way of providing Purchase Preference, HAL has implemented "Purchase Preference Policy". The "Purchase Preference" is applicable for the "Local Supplier" for the items / services covered in this tender subject to the following terms & conditions:

Note:

The subject item falls under indivisible category (indicate divisible/ indivisible),

1. 'Local Supplier' means a supplier (manufacturer, not a trader) or service provider whose product or service offered for procurement meets the minimum "local content" requirement of 10%.
2. 'Local content' means the amount of value added in India. (i.e., indigenous items/services added in the offered products/services) be the total value of the item offered (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties/IGST) as a proportion of the total value (excluding net domestic indirect taxes), in percent.
3. The margin of Purchase Preference shall be upto 20%.
4. 'Margin of purchase preference' means the maximum extent to which the price quoted by the bidder above the L1 (landed cost).
5. 'L1' means the lowest technically accepted tender / bid / quotation (i.e. lowest landed cost including duties, taxes and freight & Insurance).
6. Purchase Preference:
- A. Goods are divisible in nature (required quantity greater than 1 or not a package basis or not Aircraft LRUs):
 - i. If L1 is from a local supplier, the order/contract for full quantity shall be awarded to L1 bidder.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference (i.e. 20%) and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).
 - iii. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher 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 cases where none of the local suppliers within the margin of purchase agree to match L1 price, in such cases 100% quantity shall be ordered on original L1 bidder.

- iv. In case no offers received from local supplier or none of the local supplier falls within the margin of purchase preference of 20%, the order shall be processed on L1 vendor.
- v. In case L1 bidder (not a local supplier) is not accepting splitting of order on 50:50 basis, in that case the order/contract shall be awarded to such local supplier for full quantity subject to matching the L1 price.
- vi. Regarding MSEs (Indian vendors):

The following additional aspect as indicated below would be applicable for procurement which falls under divisible category (i.e., not applicable for indivisible category), in case of participation of MSEs in the tendering.

- If any Indian vendor satisfies the requirement of MSEs stipulation and also falls within the purchase preference margin as called for in MSME policy (in case of matching L1 price) will be considered for ordering 20% of tendered quantity, the balance quantity will be considered for distribution amongst all bidders (including MSEs) as per the purchase preference policy.
- In case no MSEs qualifies for purchase preference or do not match with L1 price then the total tendered quantity will be distributed amongst all bidders as per the purchase preference policy.

B. Goods are not divisible (required quantity is 1 or as a package or Aircraft LRUs in case of goods) and services:

- i. If L1 is from a local supplier the contract will be awarded to L1 bidder.
 - ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference (i.e., 20%) and the contract shall be awarded to such local supplier subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the 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 order/contract shall be awarded accordingly. In case where none of the local suppliers within the margin of purchase preference agree to match the L1 price then the order/contract shall be awarded to the original L1 Bidder.
7. Aircraft LRUs are considered as "in-divisible" category of goods. In line with this, the order for development of Aircraft LRUs, identification of LRUs for Aircraft will be placed on local supplier, within the margin of purchase preference, for 100% RFQ's

requirement, after matching the L1 price (or) on L1 vendor, if the local supplier not agreed to match the L1 price.

8. Technically acceptable offers only will be considered for purchase preference.
9. The local supplier should provide a "Self Certification" along with offer indicating that the item offered meets the minimum local content of 10% and provide the details of the location(s) at which the local value addition is made.
10. In cases the quoted price is in excess of Rs.10 Crs (including duties, taxes and freight & Insurance), 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 practicing cost accountant or practicing chartered accountant (in case of suppliers other than companies) giving the percentage of local content.
11. A committee (with an external expert from a practicing cost accountant or practicing chartered accountant, if required) constituted for independent verification shall verify the self-declarations & auditor's / accountant's certificates on random basis, as per the requirements.
12. The ink-signed certificate shall be provided on vendor's letter head along with the offer (in case of online tender, copy of ink-signed certificate can be considered subject to receipt of original certificate within 15 days of due date of tender). In case of non-submission of certificate, the purchase preference shall not apply.
13. On similar line for Rs.10 Crs. & above, the ink-signed certificate provided by the concerned authority as brought-out above need to be enclosed.
14. In case of a complaint received from any Vendor indicating a need for review / verification of Local content of successful vendor / awarded vendor, for accepting a complaint from such complainant (w.r.t the false declaration given by the successful vendor on the local content), a complaint fee of Rs.2 Lakhs or 1% of the locally manufactured items being procured (subject to a maximum Rs.5 Lakhs), whichever was higher, to be paid by demand draft by the complainant. In case, the complaint is found to be incorrect, the complaint fee shall be forfeited. In case, the complaint is upheld and found to be substantially correct, deposited fee of the complainant would be refunded without any interest.
15. False declarations will be in breach of code of the integrity for which a bidder or its successor's will not be eligible/debarred for purchase preference from further tenders / pending tenders for two years along with other actions as may be applicable.
16. Further, in case the violation/false declaration established, in such case, a penalty amount upto 2% value of the each order will be deducted on such defaulted bidders.
