

Additional Terms & conditions

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

Note:

**(a) The subject item falls under indivisible category.**

**(b) The offers sought only from\_all suppliers i.e. Class-I, Class-II local supplier and Non-local suppliers/ Foreign suppliers.**

1. Definitions: A supplier or service provider, whose goods, services or works offered for procurement, has local content:
  - a. Equal to or more than 50%: **Class-I local supplier.**
  - b. More than 20% but less than 50%: **Class-II local supplier.**
  - c. Less than or equal to 20%: **Non-local supplier/ Foreign suppliers.**
2. 'Local content' means the amount of value added in India (i.e. indigenous items/services added in the offered products/services/works) 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 "Class-I local supplier" 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. 'Works' means all works as per Rule 130 of GFR- 2017, and will also include 'turnkey works'. Works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

7. Purchase Preference:

Goods/Works which 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 'Class-I local suppliers' the contract will be awarded to L1 bidder.
  - ii. If L1 is not from a 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier's will be invited to match the L1 price subject to 'Class-I local supplier's quoted price falling within the margin of purchase preference (i.e. 20%) and the contract shall be awarded to such 'Class-I local supplier's subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).
  - iii. In case such lowest eligible 'Class-I local supplier's 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 order/contract shall be awarded accordingly. In case where none of the 'Class-I local supplier' within the margin of purchase preference agree to match the L1 price then the order/contract shall be awarded to the original L1 Bidder.
8. 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 'Class-I local supplier', within the margin of purchase preference, for 100% RFQ's requirement, after matching the L1 price (or) on L1 vendor, if the 'Class-I local supplier' not agreed to match the L1 price.
9. Technically acceptable offers only will be considered for purchase preference.
10. The 'Class-I & II local supplier's should provide a “Self Certification” ( **for quoted price less than 10 Crs including duties, taxes and freight & Insurance**) along with technical offer indicating that the item offered meets the minimum local content as called for in the tender at Sl.No.(1) above and provide the % of local content along with details of the location(s) at which the local value addition is made. In case of two bid tenders, it is mandatory to indicate compliance to Minimum Local Content in technical bid zone.
11. In case the offers sought from only class I & II local suppliers (as indicated at sl. No.(b) above), the offer received without indicating the percentage of local content & without self-certification will not be considered & rejected.
12. In cases the quoted price is in excess of **Rs.10 Crs (including duties, taxes and freight & Insurance)**, the 'Class-I & II local supplier's 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.

13. 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.
14. The ink-signed certificate shall be provided on vendor's letter head ( for less than Rs.10 Crs) 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.
15. 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.
16. In case of a complaint received from any local supplier 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.
17. 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.
18. 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.
19. The Public Procurement (Preference to Make in India), Order 2017 issued by Govt. of India indicates that if there are any general or specific restrictive clauses to restrict participation of Indian companies in those countries procurement tenders, reciprocity clause need to be invoked as per the order. Hence, if HAL or Govt. of India come across that Indian suppliers of an item are not allowed to participate and / or compete in procurement by your government, the bid submitted by you will be not be considered and excluded from eligibility for procurement. This aspect may please be taken note off.