

भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
रेलवे बोर्ड (Railway Board)

2024/RS(G)/779/3(E 3464799)

New Delhi, dated: 25.06.2024

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG/RDSO/Lucknow, NAIR/Vadodara
PCAO, PLW/Patiala, COFMOW
CAO, WPO/Patna, RWP/ Bela

Sub.: Implementation of Public Procurement (Preference to Make in India)
Order 2017 - Para 13A.

- Ref: i. Railway Board letter No. 2020/RS(G)/779/2/Pt.1 dated 25.09.2020.
ii. Railway Board letter No. 99/RS(G)/709/1/Pt dated 28.01.2016.

Railway Board vide letter under ref (i) above, had issued instructions for implementation of Public Procurement (Preference to Make in India) Order 2017 (PPP-MII Order). Railway Board had vide letter at ref (ii) above, issued instructions for vendor registration/ approval for phased indigenisation of items, required on recurring basis and having estimated annual procurement more than Rs 300 crore. For cases not covered by Railway Board letter dated 28.01.2016 (ref. ii above), instructions detailed herein are to be followed.

2.0 Reference has been received in Railway Board requesting for declaration of an upper threshold value, as required per para 13A of the PPP-MII Order for procurement beyond which foreign companies shall enter into a joint venture with an Indian company to participate in the tender.

3.0 The matter has been considered in Railway Board. Following procedural instructions are issued, for procurement of goods and services, in this regard.

A. Tender Documents for procurement cases which satisfy the criteria listed in this sub-para, shall be issued with conditions listed in sub-para B below.

- i. Estimated value of procurement more than or equal Rs 500 crore; and
- ii. Number of Class-I local suppliers are not anticipated to be more than 3.
(Note: Based on experience gained on past tenders or otherwise, if sufficient competition is expected within Class I local suppliers (i.e. number of Class-I local suppliers are anticipated to be more than 3), by permitting foreign vendors to quote jointly with Indian vendors, then condition for phased increase in local content as given in sub-para "B" shall not be incorporated in the tenders.);

B. Procuring entity shall take following action:

- i. Incorporate following conditions in the tender:
 - a. Foreign firms (including companies) can participate in the tender only through joint venture/ consortium with Indian firms.



25/6/2024

- b. In view of limited capacity of manufacturing of tendered item in India, a foreign bidder proposing phased increase in local content of the tendered item through a joint venture/ consortium with an Indian firm (including company) or through an Indian subsidiary can participate in the tender. The phased increase in local content shall ensure at least the following:

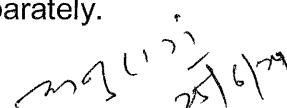
Minimum local content	Supply quantum
D-20%	First 10% of order quantity
D-10%	Next 30% of order quantity
D *	Balance quantity

**Presuming minimum local content "D" for Class I local supplier is 50% and procuring entity can vary this upward according to the needs of the procurement at hand.*

Bidder shall quote local content for the first lot in the bid, alongwith confirmation to comply with above phased increase in local content. In such a case, the bidder quoting a local content of minimum (D-20)% shall also be considered equivalent to Class-I local supplier.

- c. An Indian bidder (including an Indian subsidiary of a foreign firm) who is a Class II local supplier shall also be eligible to be considered equivalent to Class I local supplier if it quotes in compliance with the conditions in sub-para 3 (B) i (b) above.
- d. Foreign bidder participating in tender through consortium or joint venture with an Indian firm/ subsidiary, with local content more than that prescribed as minimum for a Class-I local supplier for the item can participate in the tender and shall continue to be considered as a Class-I local supplier.
- e. At each stage of phased increase of local content, the supplier shall submit a certificate indicating that local content is more than the limit prescribed. Competency to issue the certificate shall be the same as for the certificate of local content in the tender.
- 4.0 Railways can change the above conditions in following situations/ manner:
- i. Procuring entity can change the local content percentage (in upward side) mentioned for the phased increase of local content in para (b) above. However, it shall be ensured that at least 60% of the quantity should be accepted with local content more than or equal to the minimum local content specified for Class I local supplier in the tender. While calculating the quantity for phased increase in local content, option clause quantity, if applicable, shall not be considered. It is further clarified that full option clause quantity shall only be offered to the contractor with minimum local content as specified for Class I local supplier in the tender.
- ii. Even if the conditions mentioned in para 3 (A) are complied, in deserving procurement cases, Railway Board may exempt mandating conditions mentioned in Para 3 (B). Concerned procuring entity shall forward the case to Railway Board, seeking such exemption, providing detailed justification with approval of the General Manager and concurrence of PFA. Indigenisation of such cases shall be dealt separately.





- iii. These conditions may not be applied to procurement of items limited to registered vendors, as in such cases already indigenisation plans exist (letter at ref. ii above).

5.0 This is issued with the concurrence of Finance Directorate of Ministry of Railways and approval of Railway Board (MTRS).

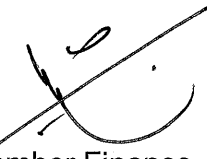
m2 25/6/2024

(Anurag Grover)
Dy. Director Railway Stores (G)
Railway Board
Email- ddrsg1@rb.railnet.gov.in
Tele- 011-23047529

2024/RS(G)/779/3(E 3464799)

New Delhi, dated: 25.06.2024

1. PFAs, All Indian Railways & Production Units
2. The ADAI (Railways), New Delhi
3. The Directors of Audit, All Indian Railways


For Member Finance
Railway Board

LIST FOR DISTRIBUTION

Directors of all CTIs,
CMDs/ MDs of Indian Railway PSUs/ Autonomous Bodies / Societies
PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs,
COFMOW, CORE, WPO/Patna and RWP/Bela
Sr. Prof. (Material Management), NAIR, Vadodara, ED (Stores), RDSO,
Chief Commissioner, Railway Safety, Lucknow
Zonal Railway Training Institute, Sukadia Circle, Udaipur

Copy to:

The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
The Secy. Gen., RPOF, Room No. 268., FROA, Room No. 256-D & AIRPOA,
Room No. 256-D Rail Bhavan

Copy to:

PSOs/Sr. PPSs/PPSs/ PSs to:
MR, MOSR(S), MOSR(R)
CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG
(RPF), DG(HR), DG(Safety)

EDPG/MR, JDPG/MOSR(S), Sectt. Of MOSR(R)
All AMs, PEDs & Executive Directors of Railway Board