

भारत सरकार/GOVERNMENT OF INDIA
रेल मंत्रालय/MINISTRY OF RAILWAYS
(रेलवे बोर्ड)/(RAILWAY BOARD)

No. 2015/RS(G)/779/5

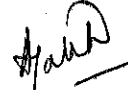
New Delhi, dated: 04.05.2018

The General Manager/Production Units
CAOs, DMW/Patiala, WPO/Patna

Sub: Public Procurement (Preference to Make in India) Order - 2017.

Please find enclosed Ministry of Commerce & Industry, Department of Industrial Policy & Promotion (Public Procurement Section)'s O.M. No. P-45021/12/2017-BE-II (Pt.) dated 10.04.2018 forwarding minutes of the meeting held on 28.03.2018 on implementation of Public Procurement (Preference to Make in India) Order, 2017, for information.

DA : As above


(Anshu Malik)
Jt. Director Rly.Stores(G)
Railway Board

Copy to:- PSOs/Sr. PPSs / PPS / PS to

1. MR, MoS(S), MoS(G), ED/Co-ordination/MoS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY., DG(RS), DG(S&T), DG(Personnel), DG (RHS), DG (RPF)
3. All AMs and PEDs & All Executive Directors of Railway Board.

No. P-45021/12/2017-BE-II (Pt.)
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(Public Procurement Section)

Most Immediate
Chairman, Railway Board
FTS No. <u>P411259</u>
Date <u>16/4</u>

Udyog Bhawan, New Delhi
Dated: 16th April 2018

OFFICE MEMORANDUM

Subject: Minutes of Meeting on implementation of "Public Procurement (Preference to Make in India) Order, 2017" held on 28.03.2018 under the Chairmanship of Secretary, DIPP

The undersigned is directed to forward herewith minutes of Meeting on implementation of Public Procurement (Preference to Make in India) Order, 2017, held at 12:00 Noon on 28th March 2018 in Room No. 152, Udyog Bhawan, New Delhi, for further necessary action

CS
13/4

[Signature]

(B. S. Nayak)
Under Secretary to Govt of India
Tel. 23061257
E-mail: bs.nayak@nic.in

Encl: As above.

to be circulated to all PO's & PS U's

by ED/PSU

EDRS/G
→

1. Ministry of Housing & Urban Affairs (Kind attention: Ms. Nandita Chatterjee, Secretary), Nirman Bhawan, New Delhi [email: secyurban@nic.in]
2. Ministry of Steel (Kind attention: Dr. Aruna Sharma, Secretary), Udyog Bhawan, New Delhi, [email: secy-steel@nic.in]
3. Railway Board (Kind attention: Shri Ashwani Lohani, Chairman), Rail Bhawan, Rafi Marg, New Delhi [email: crb@rb.railnet.gov.in]
4. Department of Expenditure (Kind attention: Shri K. Rajaraman, Joint Secretary (PF-II)), North Block, New Delhi.

Copy to:

1. PPS to SIPP
2. PPS to SS & FA
3. PPS to JS (RA)

to RS/IC

to send one copy to

ED/PSU for circulating

among PSU.

[Signature]
17.04.18

Minutes of the meeting chaired by Secretary, DIPP on implementation of Public Procurement (Make in India) Order 2017 on 28.3.2018 at Udyog Bhawan, New Delhi

A meeting was held under the chairmanship of Secretary, DIPP to discuss issues related to implementation of Public Procurement (Make in India) Order 2017 on 28.3.2018 at Udyog Bhawan, New Delhi. List of participants is Annexed.

2. At the onset of the meeting, Secretary, DIPP welcomed the participants and stated that the meeting has been called to review the implementation of Public Procurement (Make in India) Order 2017 and to take feedback from industry in the sectors related to Ministry of Railways, Housing and Urban Affairs and Steel. He emphasized that action from Nodal Ministries is required regarding notifying domestic content and implementation of Phased Manufacturing Programme (PMP) for procurement by the Govt. agencies. Further it also needs to be ensured that no discriminatory conditions against domestic manufacturers are included in the tenders.

3. Representative of the Railway Board informed that instructions have been issued to all the agencies under Railway Board including General Managers, PSUs etc. to ensure that the Public Procurement Order is complied within all stores, services and works tenders. Further, every tender document should include a certificate stating that "this tender complies with Public Procurement Policy Order 2017".

4. The following issues were raised by the industry representatives :-

- ✓ The tenders for metro rail coaches include discriminatory conditions against domestic manufacturers like experience of supplying to other countries or international certification
- Indian suppliers are not able to compete despite sufficient capacity as global players reduce prices substantially to kill competition
- ✓ The minimum local content should be 50% and the nodal Ministries / Departments should not have liberty to change the same
- The minimum local content policies of different Ministries provide contradictory figures for the same item. These should be harmonised
- Inverted duty structure in rolling stocks.
- Issue of restrictive condition in tender by MMRDA for Metro project was raised.
- ✓ Certain countries do not allow vendors from foreign countries, particularly in supply of Metro / Railway Products. Reciprocity clause in Public Procurement Order [Para 10(3)] should be invoked in order to stop participation by companies from such countries in these sectors
- Foreign softwares are being sought by name

- Ministry of Housing and Urban Affairs has issued guidelines regarding local content which are applicable to supply of Metro coaches above 100 numbers. PPP-Mit Order should be applicable even if the requirement is less than 100 as most of the upcoming Metros have requirement of less than 100 coaches.
- There should be uniform value addition norms in all the sectors.
- Only vendors already registered with erstwhile DGS&D of NICSI are being allowed to upload their details on GEM Portal and new vendors are not allowed.
- Representative of the steel industry complained that in the Government procurement a condition that "the input raw material should be iron ore" is included in the tender. This results in disqualification of small/medium companies who produce steel from iron scrap or other raw materials rather than iron ore. Though their end product is BIS certified, it still disqualifies from the tender because of above condition.
- Steel Pellet Manufacturer Association complained that SAIL does not use steel pellet as raw material.
- Local content notified by Ministry of Steel is 15%. It was suggested that it should be minimum 35%.

6. All the industry representatives were requested to raise specific grievances in writing alongwith the details of the tenders and the specific clause in the tender which violates the Public Procurement Order so that their grievance can be examined and appropriate action taken.

7. Representative of Ministry of Urban Affairs informed that they have now proposed to NITI Aayog for removal of the condition of procurement quantity being more than 100 cars for mandating 75 % manufacture in India. They also informed that the comments of DIPI on the adoption of the PPO by MoHUA have been received recently and are being deliberated upon.

8. Representative of Ministry of Steel informed that the complaint regarding discriminatory clause of "the input raw material should be iron ore" has already been examined in the Ministry and they have already instructed all the agencies not to include this clause in the tenders, which is discriminatory against domestic induction arc furnace units. It was also informed that the Ministry will examine the demand for change in minimum local content of 15%.

9. Representative of SAIL informed that presently they have no requirement of steel pellets and in future if they have any such requirement, the domestic manufacturers will be approached.

10. Representative of NIC made a presentation on the Central Public Procurement Portal and also explained the provision being made for filing a grievance on the portal. It was informed to all the representatives of industry as well as industry associations to file

their grievances with specific details on the portal once the facility is available. They can also raise their grievance at email procurement_dibu@sew.in

11. Secretary DIPP asked the industry associations and the industry representatives present in the meeting to furnish their suggestions regarding item-wise minimum local content and PMP to the concerned nodal Ministry/ Department with a copy to DIPP. Follow up meetings with the industry associations in all the sectors will be organized regularly to take feedback on specific issues and concrete suggestions for minimum local content and PMP.

12. The meeting ended with a vote of thanks to the Chair.
