



GAIL (INDIA) LTD
NEW DELHI
(CORPORATE C&P DEPTT.)

Ref.: GAIL/ND/C&P/CORP/PP-LC/2020-21/46

December 01st, 2020

CIRCULAR

SUB.: POLICY TO PROVIDE PURCHASE PREFERENCE (LINKED WITH LOCAL CONTENT) (PP-LC)

- 1.0 Policy to Provide Purchase Preference (Linked with Local Content) (PP-LC) was implemented in GAIL vide Circular No. GAIL/ND/C&P/CORP/PP-LC/2017-18/11 dated 30.06.2017. The said policy was modified vide circular no. GAIL/ND/C&P/CORP/PP-LC/2017-18/32 dated 16.10.2017, GAIL/ND/C&P/G-25/2018-19/42 dated 11.01.2019 and GAIL/ND/C&P/G-25/2019-20/3 dated 29.10.2019.
- 2.0 Ministry of Petroleum and Natural Gas (MoP&NG) vide communication no. FP-20013/2/2017-FP-PNG dated 17.11.2020 (*Annexure-1*) has forwarded amended PP-LC Policy which shall continue for a further period of **one-year w.e.f. 01.10.2020**.
- 3.0 The major changes are relating to Definition of supplier, Margin of Purchase Preference, Eligibility of suppliers in various type of tenders, Methodology for providing Purchase Preference, applicability of PP-LC policy in various type of tenders and Powers to grant exemption and to reduce minimum local content, etc.
- 4.0 Accordingly, the provisions mentioned in circulars referred at sl. no. 1.0 above are superseded with the provisions of this circular.
- 5.0 Policy to provide Purchase Preference (Linked with Local Content) to be included in tenders has been modified and enclosed at **Annexure-2**.

The provisions to be included in (i) tenders on International Competitive Bidding basis (ICB) and (ii) tenders on Domestic Competitive Bidding basis having estimated value of Rs. 1 Crore and above.

Further, it shall be ensured that procurement is not split for the purpose of avoiding the provisions of this policy.

- 6.0 It is mentioned at Para 4.4 (a) of amended PP-LC Policy of MoP&NG that in respect of all goods, services or works in respect of which the Nodal Ministry/ Department under DPIIT's Public Procurement (Preference to Make in India) Order, 2017 has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier' shall be eligible to bid. Details of such notified goods, services or works is available on <https://dipp.gov.in/public-procurements>.
- 7.0 Tenders floated for Works Contracts shall be covered under the provisions contained for EPC contracts.
- 8.0 In case a bidder is eligible to seek benefit under Policy to Provide Purchase Preference (Linked with Local Content) (PP-LC) as well as Public Procurement Policy for MSE 2012 (PPP-2012), then the bidder should categorically confirm its option to choose benefits against only one of the two policies i.e. either PP-LC and MSE Policy in Form-1. The option once exercised cannot be modified subsequently.

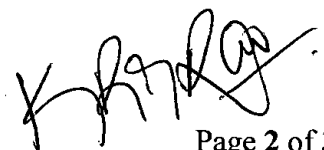
Purchase preference benefits shall be extended to the bidder based on the declared option subject to the bidder meeting the requirements contained in respective Purchase Preference Policy.

In case a MSEs bidder opts for purchase preference based on PP-LC, such bidder shall not be entitled to claim purchase preference benefit available to MSE Bidders under PPP-2012. However, the exemptions from furnishing Bidding Document fee and Bid security/EMD shall continue to be available to such MSE Bidder.

While evaluating a particular bid that bidder's option (to avail any one out of two applicable purchase preference policies, i.e., PP-LC or PPP-2012) will be considered. For price matching and distribution of quantities among bidders, the precedence shall be in the following order:-

- (a) Public Procurement Policy for MSE 2012
- (b) Policy to Provide Purchase Preference (Linked with Local Content) (PP-LC)

- 9.0 This PP-LC policy is not applicable for goods/ services falling under the list of items reserved for exclusive purchase from Micro and Small Enterprises (MSEs) and Domestically manufactured Electronic Products (DMEP) under the respective policies.



Further, this policy is not applicable for HP-HT operations for time being. The Charter Hiring of Offshore vessels shall continue to be governed by DG, Shipping Guidelines. Indian Flag Vessels shall be considered as having 100% LC.

10.0 Clause no. 11 of amended PP-LC circulated by MoP&NG stipulates the following:

11. Powers to grant exemption and to reduce minimum local content:

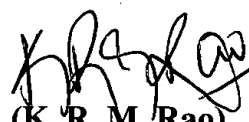
Wherever proper justification exists, Ministry of Petroleum and Natural Gas may by written order, for reasons to be recorded in writing,

- a) Reduce the minimum local content below the prescribed level; or*
- b) Reduce the margin of purchase preference below 20%; or*
- c) Exempt any particular item or supplying entities from the operation of this Order or any part of the Order*

Accordingly, wherever required, proposal for exemption/ reduction in minimum local content recording detailed justification is to be forwarded by work center to Corporate C&P Department for onward submission to MoP&NG after approval of concerned Director.

11.0 All the concerned are advised to follow the above guidelines meticulously.

12.0 This is issued with the approval of the competent authority.


(K. R. M. Rao) 01.12.2020
Executive Director (C&P)

Encl: as above

Distribution List:

- All OICs /HODs at Corporate Office
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No. FP-20013/2/2017-FP-PNG
Government of India
Ministry of Petroleum and Natural Gas

Shastri Bhawan, New Delhi
Dated 17th November, 2020

Annexure -1

To,

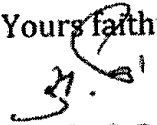
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11. Member (BM), PNGRB
12. CEO & MD, ISPRL

Subject: Policy to Provide Purchase Preference (linked with local content) (PP-LC) in all Public Sector Undertakings under the M/o P&NG - Amended regarding

Sir/ Madam,

I am directed to refer to this Ministry's letter of even number dated 7.10.2019 on the subject mentioned above. It is stated that several provisions of the Policy have been amended as per the recommendations of the Steering Committee constituted under PP-LC Policy by MoPNG. Amended PP-LC Policy is enclosed herewith for necessary compliance which shall continue for a further period of one year w.e.f. 01.10.2020..

Yours faithfully


सुशील टी. विलियम्स
(Sushil T. Williams)

उप सचिव, भारत सरकार
(Deputy Secretary to the Govt. of India)

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Copy to:

- a) PS to Minister, PNG & Steel
- b) PPS/ PS to Secretary/ Sr. Economic Advisor/ AS&FA, MoPNG
- c) PPS/ PS to JS (E)/ JS (GP)/ JS (IC)/ JS(R)/ JS (M)/ JS (G)/ EA/ DDG, MoPNG
- d) US (Admin.), MoPNG
- e) Ms. Neelam Naval, Technical Director (NIC) - with request to upload the letter alongwith enclosure on website of MoPNG.

Subject: Policy to provide Purchase preference (linked with local content) (PP – LC) in all Public Sector Undertakings under Ministry of Petroleum and Natural Gas- Amended

1 Preamble

- 1.1 In tune with Make in India (MII) campaign in oil and gas sector, the Government has decided to incentivise the growth in local content in goods and services while implementing oil and gas projects in India, and
- 1.2 Whereas the Public procurement policy rests upon the core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods or services in accordance with a system which is fair, equitable, transparent, competitive and cost effective, and
- 1.3 Whereas, the local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them etc.
- 1.4 Whereas incentivising enhanced local content in the procurement of goods and/or services in oil and gas business activities would lead to increased local industry content;
- 1.5 Therefore, the Ministry of Petroleum and Natural Gas (MoPNG) has decided to stipulate the following policy for providing Purchase Preference to the manufacturers/ service providers having the capability of meeting/ exceeding the local content targets in oil and gas business activities;
- 1.6 This policy considers the Local Content (LC) as the added value brought to India through the activities of the oil and gas industry. This may be measured (by project, affiliate, and/or country aggregate) and undertaken through Workforce development and investments in supplier development through developing and procuring supplies and services locally.

2 Definitions

- 2.1 **Oil and Gas Business Activity** shall comprise of Upstream, Midstream and Downstream business activities.

- 2.2 **Domestic products** shall be goods and/or service (including design and engineering), produced by companies, investing and producing in India.
- 2.3 **Local Content** hereinafter abbreviated to LC means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.
- 2.4 **Domestic Manufacturer** shall be business entity or individual having business activity established under Indian law and producing products domestically.
- 2.5 **Supplier** of goods and/or provider of service shall be a business entity having capability of providing goods and/or service in accordance with the business line and qualification thereof and classified as under:
- 'Class-I local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50% as defined under this Policy.
- 'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%, as defined under this Policy.
- 'Non-local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than or equal to 20%, as defined under this Policy.
- 2.6 **Steering Committee** means the committee to be constituted by MoPNG to provide effective guidance and to oversee the implementation of the Policy on a regular and continuing basis.
- 2.7 **Verification** shall be an activity to verify the accomplishment of LC by domestic manufacturers and/or suppliers of goods and/or providers of service with the data obtained or collected from respective business activities.
- 2.8 **Purchase preference:** Where the quoted price is within the margin of purchase preference of the lowest price, other things being equal, purchase preference may be granted to the bidder concerned, at the lowest valid price bid.

- 2.9 **Local Content (LC)** in Goods shall be the use of raw materials, design and engineering towards manufacturing, fabrication and finishing of work carried out within the country.
- 2.10 **Local Content (LC)** in Services shall be the use of services up to the final delivery by utilizing manpower (including specialist), working appliance (including software) and supporting facilities carried out within in the country.
- 2.11 **Local Content (LC)** in EPC contracts shall be the use of materials, design and engineering comprising of manufacturing, fabrication, assembly and finishing as well as the use of services by utilizing manpower (including specialist), working appliance (including software) and supporting facility up to the final delivery, carried out within the country.
- 2.12 **Factory overhead cost** shall be indirect costs of manpower, machine/working appliance/facility and the whole other fabrication costs needed to produce a unit of product with the cost not chargeable directly to specified product.
- 2.13 **Company overhead cost** shall be costs related to the marketing, administration and general affairs cost of the company.
- 2.14 **Indian Company** means a company formed and registered under the Companies Act, 2013.
- 2.15 **Foreign company** means any company or body corporate incorporated outside India which— (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and (b) conducts any business activity in India in any other manner.

3. Scope

- 3.1 The regulation shall be intended to:
- 3.1.1 Support and boost the growth of domestic manufacturing sector so as to be able to support oil and natural gas business activities and contribute added value to economy, absorb manpower as well as have national, regional and international competitiveness;

- 3.1.2 Support and boost the growth of innovation/technology of domestic manufacturing sector.
- 3.2 This policy shall apply to all the Public Sector Undertakings and their wholly owned subsidiaries under the Ministry of Petroleum and Natural Gas; Joint Ventures that have 51% or more equity by one or more Public Sector Undertakings under the Ministry of Petroleum and Natural Gas; attached and subordinate offices of MoPNG.
- 3.3 This policy shall not include goods/ services falling under Micro Small and Medium Enterprises (MSME) or Domestically Manufactured Electronic Products (DMEP), as those products/ services are already covered under specific policy. However, an option would be given in the tender for the bidder to declare preference for seeking benefit under PP-LC/MSME or DMEP.
- 3.4 The policy is not applicable for HP-HT operations for the time being. The Charter Hiring of offshore vessels shall continue to be governed by DG, Shipping Guidelines. Indian Flag Vessels shall be considered as having 100% LC.
- 3.5 The prescribed local content in the Policy shall be applicable on the date of Notice inviting Tender.

4. Procurement

- 4.1 The procuring companies shall follow their own procurement procedures. Aggregation of annual requirements and such other procurement practices, which facilitate the implementation of this policy, may be adopted by procuring companies.
- 4.2 In respect of Global Tender Enquiry (GTE) the guidelines as issued by Government of India from time to time shall be applicable on the procuring entities.
- 4.3 **Margin of Purchase preference:** The margin of purchase preference shall be 20%.
- 4.4 (a) In respect of all goods, services or works in respect of which the Nodal Ministry/ Department under DPIIT's Public Procurement (Preference to Make in India) Order, 2017 has communicated that there is sufficient local capacity and local competition, only Class-I local supplier shall be eligible to bid irrespective of purchase value.

- 4.4 (b) For all other local tenders, Class-I local supplier and Class-II local supplier shall be eligible to bid irrespective of purchase value, but preference to be given as per PP-LC to the Class-I local supplier.
- 4.4 (c) Only Class-I local supplier and Class-II local supplier, as defined under the Order, shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, Non-local suppliers shall also be eligible to bid along with Class-I local suppliers and Class-II local suppliers.
- 4.4 (d) Class-II local supplier will not get purchase preference in any procurement, undertaken by procuring entities.
- 4.5 In National Competitive Bid procurements of all items not covered by para 4.4 (a) and where the estimated value to be procured i.e. total value of enquiry/ tender, is less than Rs. 1 Crore shall be exempt from this Policy. In case of International Competitive Bids, the policy shall be applicable irrespective of the tender estimate. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Policy.
- 4.6 The producers of goods and/or providers of services shall be obliged to fulfil the requirements of quality and delivery time in accordance with the provisions of the respective contracts of goods and services.
- 4.7 If the Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/or other items relating to the Ministry.
- 4.8 For the purpose of para 4.7 above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or (ii) a majority of its shareholding or effective control of the entity is exercised from that country, or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India.
5. **Purchase Preference- Linked with Local Content (LC)**
- 5.1 In procurement of all items not covered by para 4.4 (a), the following provisions may be considered for LC linked Purchase Preference:

- 5.1.1 The manufacturers/ service providers having the capability of meeting/ exceeding the local content targets shall be eligible for purchase preference under the policy, i.e. LC manufacturers/ LC service providers respectively as described below.
- 5.1.2 Wherever the goods/ services are procured under this policy, eligible (techno-commercially qualified) Class I Local supplier may be granted a purchase preference where the quoted price is within the margin of purchase preference of the lowest price, other things being equal, purchase preference may be granted to the eligible (techno-commercially qualified) Class I Local supplier concerned, at the lowest valid price bid.
- 5.1.3 **Goods:** The tender for procuring goods would specify that the contract for 50% of the procured quantity would be awarded to the lowest techno-commercially qualified Class I Local supplier, subject to matching with L1, if such bidders are available. The remaining will be awarded to L1.
- 5.1.3.1 However, if L1 bidder happens to be a Class I Local supplier, the entire procurement value shall be awarded to such bidder;
- 5.1.3.2 If in the opinion of the procuring company, the tenders (procured quantity) cannot be divided in the prescribed ratio of 50:50, then they shall have the right to award contract to the eligible Class I Local supplier for quantity not less than 50%, as may be divisible.
- 5.1.3.3 In continuation to 5.1.3.2 above, if the tendered item is non divisible, (to be included in the tender document by procuring company) the contract can be awarded to the eligible Class I Local supplier for the entire quantity.
- 5.1.4 **Services/ EPC Contracts:** The tender for oil and gas services/ EPC contracts shall not normally be split. For such procurement the tender would specify that the entire contract would be awarded to the lowest techno-commercially qualified Class I Local supplier, subject to matching with L1, if such bidders are available. However, tender for certain oil & gas services can normally be split, in such cases, splitting shall be allowed and specified in tender document. Such services shall follow the procedure outlined for goods as described in para 5.1.3. The procuring company should clearly specify in the tender document whether the tender shall be split or not.

- 5.1.5 For para 5.1.3 and 5.1.4 above, only those LC manufacturers/ service providers whose bids are within the margin of purchase preference would be allowed an opportunity to match L1 bid.
- 5.1.6 The tender conditions would ensure that local content in oil & gas products is encouraged. However, the procuring company may incorporate such stipulations as may be considered necessary to satisfy themselves of the production capability and product quality of the manufacturer.
- 5.1.7 The procedure for award under the policy is at **Enclosure-I**.

6. Determination of LC

6.1 LC of goods

- 6.1.1 LC of goods shall be computed on the basis of the cost of domestic components in goods, compared to the whole cost of product.
- 6.1.2 The criteria for determination of the local content cost in the goods shall be as follows:
- a) in the case of direct component (material), based on country of origin;
 - b) in the case of manpower, based on INR component.
- 6.1.3 The calculation of LC of the combination of several kinds of goods shall be based on the ratio of the sum of the multiplication of LC of each of the goods with the acquisition price of each goods to the acquisition price of the combination of goods.

6.2 LC of service

- 6.2.1 LC of Service shall be calculated on the basis of the ratio of service cost of domestic component in service to the total cost of service.
- 6.2.2 The total cost of service shall be constituted of the cost spent for rendering of service, covering:
- a) cost of component (material) which is used;
 - b) manpower and consultant cost; cost of working equipment/ facility; and
 - c) general service cost.

6.2.3 The criteria for determination of cost of local content in the service shall be as follows:

- a) in the case of material being used to help the provision of service, based on country of origin;
- b) in the case of manpower and consultant based on INR component of the services contract;
- c) in the case of working equipment/facility, based on country of origin; and
- d) in the case of general service cost, based on the criteria as mentioned in clauses a, b; and c above.
- e) Indian flag vessels in operation as on date.

6.3 LC of the EPC Contracts:

6.3.1 LC of EPC contracts shall be the ratio of the whole cost of domestic components in the combination of goods and services to the whole combined cost of goods and services.

6.3.2 The whole combined cost of goods and services shall be the cost spent to produce the combination of goods and services, which is incurred on work site. LC of the combination of goods and services shall be counted in every activity of the combination work of goods and services.

6.3.3 The spent cost as mentioned in paragraph 6.3.2 shall include production cost in the calculation of LC of goods as mentioned in clause 6.1.1 and service cost in the calculation of LC of services as mentioned in clause 6.2.2.

6.4 Calculation of LC and Reporting

LC shall be calculated on the basis of verifiable data. In the case of data used in the calculation of LC being not verifiable, the value of LC of the said component shall be treated as nil.

7 Certification and Verification

7.1 Class I/Class II Local suppliers are eligible to bid only if they meet the local content norms, therefore whether or not they want to avail PP-LC benefit, it will still be mandatory for them to give adequate documentation as follows to establish their status as class-I or class-II local supplier:

7.1.2 At bidding stage:

- a) Price Break-up:
 - The bidder shall provide the percentage of local content in the bid.

b)

- The bidder shall submit an undertaking from the authorised signatory of bidder having the power of Attorney alongwith the bid stating the bidder meets the mandatory minimum LC requirement and such undertaking shall become a part of the contract.
- In cases of procurement for a value in excess of Rs 10 crores, the undertaking submitted by the bidder shall be supported by a certificate from the statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies) giving the percentage of local content.
- However, in case of foreign bidder, certificate from the statutory auditor or cost auditor of their own office or subsidiary in India giving the percentage of local content is also acceptable. In case office or subsidiary in India does not exist or Indian office/ subsidiary is not required to appoint statutory auditor or cost auditor, certificate from practising cost accountant or practising chartered accountant giving the percentage of local content is also acceptable.

7.1.3 After Contract Award:

- The bidder shall submit an undertaking from the authorised signatory of bidder having the power of Attorney alongwith the bid stating the bidder meets the mandatory minimum LC requirement and such undertaking shall become a part of the contract.
- In cases of procurement for a value in excess of Rs 10 crores, the undertaking submitted by the bidder shall be supported by a certificate from the statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies) giving the percentage of local content.
- However, in case of foreign bidder, certificate from the statutory auditor or cost auditor of their own office or subsidiary in India giving the percentage of local content is also acceptable. In case office or subsidiary in India does not exist or Indian office/ subsidiary is not required to appoint statutory auditor or cost auditor, certificate from practising cost accountant or practising chartered accountant giving the percentage of local content is also acceptable.

- 7.2 Each supplier shall provide the necessary local-content documentation to the statutory auditor, which shall review and determine that local content requirements have been met, and issue a local content certificate to that effect on behalf of procuring company, stating the percentage of local content in the good or service measured. The Auditor shall keep all necessary information obtained from suppliers for measurement of Local Content confidential.
- 7.3 The Local Content certificate shall be submitted along with each invoice raised. However, the % of local content may vary with each invoice while maintaining the overall % of local content for the total work/purchase of the pro-rata local content requirement. In case, it is not satisfied cumulatively in the invoices raised up to that stage, the supplier shall indicate how the local content requirement would be met in the subsequent stages.
- 7.4 As regards cases where currency quoted by the bidder is other than Indian Rupee, exchange rate prevailing on the date of notice inviting tender (NIT) shall be considered for the calculation of Local Content.
- 7.5 The Procuring Company shall also have the authority to audit as well as witness production processes to certify the achievement of the requisite local content.

8 Governance and Supervision

- 8.1 A Steering Committee will be constituted by MoPNG to provide effective guidance and to oversee the effective implementation of the Policy including review and amendments required therein. The Steering Committee may consider representations on target Local Content in goods, services and EPC and modify the policy accordingly.
- 8.2 The Steering Committee shall annually conduct a review of the policy implementation which shall specifically cover the issue of whether there has been adequate competition, and whether the policy has resulted in any reduction in competition/ exclusion of non-local bidders or any cost increase to the purchasing PSU, particularly in respect of services & works contracts.

9 Sanctions

- 9.1 The Procuring companies shall impose sanction on manufacturers/ service providers not fulfilling LC of goods/ services in accordance with the value mentioned in certificate of LC.

- 9.2 The sanctions may be in the form of written warning, financial penalty and blacklisting.
- 9.3 In the event that a manufacturer or supplier of goods and/or provider of services does not fulfil his obligation after the expiration of the period specified in such warning, the procuring company can initiate action for blacklisting such manufacturer/supplier/service provider.
- 9.4 A manufacturer and/or supplier of goods and/or provider of services who has been awarded the contract after availing Purchase Preference is found to have violated the LC provision, in the execution of the procurement contract of goods and/or services shall be subject to financial penalty specified in clause 9.4.1.
- 9.4.1 The financial penalty shall be over and above the PBG value prescribed in the contract and shall not be more than an amount equal to 10% of the Contract Price.
10. **Clarification on Goods/ Services:** Any issue regarding the coverage of a particular good/ service under the proposed policy would be referred to the Steering Committee for clarification.
11. **Powers to grant exemption and to reduce minimum local content:** Wherever proper justification exists, Ministry of Petroleum and Natural Gas may by written order, for reasons to be recorded in writing,
a) Reduce the minimum local content below the prescribed level; or
b) Reduce the margin of purchase preference below 20%; or
c) Exempt any particular item or supplying entities from the operation of this Order or any part of the Order.
12. **Time Period:** The Policy shall be applicable for 5 years. Except for 2017-18, the Policy shall not be continued unless, the Steering Committee by September 30th of each year, concludes a review as per para 8.2 of the Policy and recommends continuation of the Purchase Preference.

PROCEDURE FOR AWARD OF CONTRACTS

Procedure for award of contracts under this policy shall be as follows:

1.1. In procurement of all items which are divisible in nature, the 'Class I local supplier' shall get purchase preference over 'Class II local supplier' as well as 'Non Local Supplier' as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class I local supplier', the contract for full quantity will be awarded to L1.
- ii. If L1 bid is not a 'Class I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, lowest bidder among the 'Class I Local supplier' will be invited to match the L1 price for the remaining 50% quantity subject to the Class I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class I local supplier' subject to matching the L1 price. In case such lowest eligible 'Class I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class I 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 case some quantity is still left uncovered on Class I local suppliers, then such balance quantity may also be ordered on the L1 bidder.

1.2. In the procurement of all items which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.
- ii. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.
- iii. In case such lowest eligible 'Class-I local supplier' 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 contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

POLICY TO PROVIDE PURCHASE PREFERENCE (LINKED WITH LOCAL CONTENT) (PP-LC)

1.0 Ministry of Petroleum & Natural Gas (MoPNG) vide communication no. FP-2013/2/2017-FP-PNG dated 17.11.2020 has forwarded Policy to provide Purchase Preference (linked with Local Content) in all the Public Sector Undertakings under the Ministry of Petroleum and Natural Gas. A copy of the policy is available on website of MoP&NG (i.e. <http://petroleum.nic.in/>).

2.0 DEFINITIONS

2.1 **Oil and Gas Business Activity** shall comprise of Upstream, Midstream and Downstream business activities.

2.2 **Domestic products** shall be goods and/or service (including design and engineering) produced by companies, investing and producing in India.

2.3 **Local Content** hereinafter abbreviated to LC means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

2.4 **Domestic Manufacturer** shall be business entity or individual having business activity established under Indian law and producing products domestically.

2.5 **Supplier of goods and/or provider of service** shall be a business entity having capability of providing goods and/or service in accordance with the business line and qualification thereof and classified as under:

'Class-I local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50%, as defined under this Policy.

'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%, as defined under this Policy.

'Non-local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than or equal to 20%, as defined under this Policy.

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- 2.6 **Steering Committee** means the committee to be constituted by MoPNG to provide effective guidance and to oversee the implementation of the Policy on a regular and continuing basis.
- 2.7 **Verification** shall be an activity to verify the accomplishment of LC by domestic manufacturers and/or suppliers of goods and/or providers of service with the data obtained or collected from respective business activities.
- 2.8 **Purchase preference:** Where the quoted price is within the margin of purchase preference of the lowest price, other things being equal, purchase preference may be granted to the bidder concerned, at the lowest valid price bid.
- 2.9 **Local Content (LC) in Goods** shall be the use of raw materials, design and engineering towards manufacturing, fabrication and finishing of work carried out within the country.
- 2.10 **Local Content(LC) in Services** shall be the use of services up to the final delivery by utilizing manpower (including specialist), working appliance (including software) and supporting facilities carried out within in the country.
- 2.11 **Local Content (LC) in EPC contracts** shall be the use of materials, design and engineering comprising of manufacturing, fabrication, assembly and finishing as well as the use of services by utilizing manpower (including specialist), working appliance (including software) and supporting facility up to the final delivery, carried out within the country.
- 2.12 **Factory overhead cost** shall be indirect costs of Manpower, machine/ working appliance/facility and the whole other fabrication costs needed to produce a unit of product with the cost not chargeable directly to specified product.
- 2.13 **Company overhead cost** shall be costs related to the marketing, administration and general affairs cost of the company.
- 2.14 **Indian Company** means a company formed and registered under the Companies Act, 2013.
- 2.15 **Foreign company** means any company or body corporate incorporated outside India which— (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and (b) conducts any business activity in India in any other manner.

3.0 SCOPE

3.1 This PP-LC policy is not applicable for goods/ services falling under the list of items reserved for exclusive purchase from Micro and Small Enterprises (MSEs) or Domestically manufactured Electronic Products (DMEP) under the respective policies.

3.2 In case a bidder is eligible to seek benefit under Policy to Provide Purchase Preference (Linked with Local Content) (PP-LC) as well as Public Procurement Policy for MSE 2012 (PPP-2012), then the bidder should categorically confirm its option to choose benefits against only one of the two policies i.e. either PP-LC and MSE Policy in Form-1. The option once exercised cannot be modified subsequently.

Purchase preference benefits shall be extended to the bidder based on the declared option subject to the bidder meeting the requirements contained in respective Purchase Preference Policy.

In case a MSEs bidder opts for purchase preference based on PP-LC, such bidder shall not be entitled to claim purchase preference benefit available to MSE Bidders under PPP-2012. However, the exemptions from furnishing Bidding Document fee and Bid security/EMD shall continue to be available to such MSE Bidder.

While evaluating a particular bid that bidder's option (to avail any one out of two applicable purchase preference policies, i.e., PP-LC or PPP-2012) will be considered. For price matching and distribution of quantities among bidders, the precedence shall be in the following order:-

- (a) Public Procurement Policy for MSE 2012
- (b) Policy to Provide Purchase Preference (Linked with Local Content) (PP-LC)

3.3 Further, this policy is not applicable for HP-HT operations for time being. The Charter Hiring of Offshore vessels shall continue to be governed by DG, Shipping Guidelines. Indian Flag Vessels shall be considered as having 100% LC.

3.4 The prescribed local content in the Policy shall be applicable on the date of Notice Inviting Tender/ Issuance of tender.

4.1 **MARGIN OF PURCHASE PREFERENCE:** The margin of purchase preference shall be 20%.

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5.0 ELIGIBILITY OF 'CLASS-I LOCAL SUPPLIER'/ 'CLASS-II LOCAL SUPPLIER'/ 'NON-LOCAL SUPPLIERS' FOR DIFFERENT TYPES OF PROCUREMENT

- 5.1 In respect of all goods, services or works in respect of which the Nodal Ministry/ Department under DPIIT's Public Procurement (Preference to Make in India) Order, 2017 has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier' shall be eligible to bid. Details of such notified goods, services or works is available on <https://dipp.gov.in/public-procurements>
- 5.2 For all other Domestic Competitive tenders, 'Class-I local supplier' and 'Class-II local supplier' shall be eligible to bid irrespective of purchase value, but preference to be given as per PP-LC to the 'Class-I local supplier'.
- 5.3 Only 'Class-I local supplier' and 'Class-II local supplier' shall be eligible to bid, except when Global tender enquiry/International Competitive Bidding has been issued. In Global tender enquiry/International Competitive Bidding, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'.
- 5.4 'Class-II local supplier' and 'Non-local supplier' will not get purchase preference in any tender.
- 5.5 The producers of goods and/or providers of services shall be obliged to fulfil the requirements of quality and delivery time in accordance with the provisions of the respective contracts of goods and services.
- 5.6 If the Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/or other items relating to the Ministry.
- 5.7 For the purpose of para 5.6 above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or (ii) a majority of its shareholding or effective control of the entity is exercised from that country, or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meets any of these tests with respect to India.

6.0 PURCHASE PREFERENCE- LINKED WITH LOCAL CONTENT (LC)

6.1 In procurement of all items not covered by para 5.1, the following provisions is to be considered for LC linked Purchase Preference:

6.1.1 The manufacturers/ service providers having the capability of meeting/ exceeding the local content targets shall be eligible for purchase preference under the policy, i.e. LC manufacturers/ LC service providers respectively as described below.

6.1.2 Wherever the goods/ services are procured under this policy, eligible (techno-commercially qualified) 'Class I Local supplier' shall be granted a purchase preference where the quoted price is within the margin of purchase preference of the lowest price, other things being equal, purchase preference shall be granted to the eligible (techno-commercially qualified) Class I Local supplier concerned, at the lowest valid price bid.

6.1.3 Goods:

(a) If the tenders can be split (as specified in BDS) then the order for 50% ** of the procured quantity would be awarded to the lowest techno-commercially qualified 'Class I Local supplier', subject to matching with L1, if such bidders are available. The remaining will be awarded to L1.

However, if L1 bidder happens to be a 'Class I Local supplier', the entire procurement value shall be awarded to such bidder.

*** If the tendered quantity cannot be divided exactly 50:50, the eligible Class I Local supplier will have right for quantity not less than 50% of tendered quantity.*

(b) If the tender cannot be split (as specified in BDS) then the order shall be awarded to the eligible 'Class I Local supplier' for the entire quantity.

6.1.4 Services/EPC Contracts :

(a) In case tender for services/ EPC cannot be split (as specified in BDS), The entire contract would be awarded to the lowest techno-commercially qualified 'Class I Local supplier', subject to matching with L1, if such bidders are available.

(b) In case tender for services/EPC can be split (as specified in BDS), then splitting shall be allowed and specified in tender documents. Such services

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shall follow the procedure outlined for goods as described in goods above at para at 6.1.3 (a).

6.1.5 For para 6.1.3 and 6.1.4 above, only those 'Class I Local supplier' whose bids are within the margin of purchase preference would be allowed an opportunity to match L1 bid.

6.1.6 The procedure for award of contract/ order under the policy is at Enclosure-I.

7.0 Determination of LC: The following process shall be adopted by the bidder to determine the content of LC:

6.1 LC of Goods

7.1.1 LC of goods shall be computed on the basis of the cost of domestic components in goods, compared to the whole cost of product.

7.1.2 The criteria for determination of the local content cost in the goods shall be as follows:

- a) in the case of direct component (material), based on country of origin:
- b) in the case of manpower, based on INR component.

7.1.3 The calculation of LC of the combination of several kinds of goods shall be based on the ratio of the sum of the multiplication of LC of each of the goods with the acquisition price of each goods to the acquisition price of the combination of goods.

7.2 LC of service

7.2.1 LC of Service shall be calculated on the basis of the ratio of service cost of domestic component in service to the total cost of service.

7.2.2 The total cost of service shall be constituted of the cost spent for rendering of service, covering:

- a) cost of component (material) which is used:
- b) manpower and consultant cost: cost of working equipment/ facility; and c) general service cost.

7.2.3 The criteria for determination of cost of local content in the service shall be as follows

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- a) in the case of material being used to help the provision of service, based on country of origin;
- b) in the case of manpower and consultant based on INR component of the services contract;
- c) in the case of working equipment/facility, based on country of origin: and
- d) in the case of general service cost, based on the criteria as mentioned in clauses a, b, and c above.
- e) Indian flag vessels in operation as on date.

7.3 LC of the EPC Contracts:

- 7.3.1 LC of EPC contracts shall be the ratio of the whole cost of domestic components in the combination of goods and services to the whole combined cost of goods and services.
- 7.3.2 The whole combined cost of goods and services shall be the cost spent to produce the combination of goods and services, which is incurred on work site. LC of the combination of goods and services shall be counted in every activity of the combination work of goods and services.
- 7.3.3 The spent cost as mentioned in paragraph 7.3.2 shall include production cost in the calculation of LC of goods as mentioned in clause 7.1.1 and service cost in the calculation of LC of services as mentioned in clause 7.2.2.

7.4 Calculation of LC and Reporting

LC shall be calculated on the basis of verifiable data. In the case of data used in the calculation of LC being not verifiable, the value of LC of the said component shall be treated as nil.

8.0 CERTIFICATION AND VERIFICATION

- 8.1 Since 'Class I/Class II Local suppliers' are eligible to bid in Domestic Competitive Bidding only if they meet the local content norms, therefore whether or not they want to avail PP-LC benefit, it will still be mandatory for them to give adequate documentation as follows to establish their status as 'Class-I local supplier' or 'Class-II local supplier':

8.1.1 At bidding stage:

- a) Price Break-up:

- The bidder shall provide the percentage of local content in the bid.

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- b) The bidder shall submit an undertaking [Form -2] from the authorised signatory of bidder having the Power of Attorney alongwith the bid stating the bidder meets the mandatory minimum LC requirement and such undertaking shall become a part of the contract.
- (c) In cases of procurement for a value in excess of Rs. 10 crores, the Undertaking [Form-3] submitted by the bidder shall be supported by a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies) giving the percentage of local content.

However, in case of foreign bidder, certificate from the statutory auditor or cost auditor of their own office or subsidiary in India giving the percentage of local content is also acceptable. In case office or subsidiary in India does not exists or Indian office/ subsidiary is not required to appoint statutory Auditors or cost auditor, certificate from practising cost accountant or practicing chartered accountant giving the percentage of local content is also acceptable.

- (d) In case a supplier is quoting on behalf of manufacturer, in addition to Form -2 and Form-3, the bidder is required to submit Form -4 and Form-5 to be signed by manufacturer and statutory auditor/ cost auditor/ practicing cost accountant/practicing chartered accountant of the manufacturer as mentioned at (c) herein above.

8.1.1 After Contract Award:

- The bidder shall submit an undertaking from the authorised signatory of bidder having the power of Attorney alongwith the bid stating the bidder meets the mandatory minimum LC requirement and such undertaking shall become a part of the contract.
- In cases of procurement for a value in excess of Rs 10 crores, the undertaking submitted by the bidder shall be supported by a certificate from the statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies) giving the percentage of local content.

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- However, in case of foreign bidder, certificate from the statutory auditor or cost auditor of their own office or subsidiary in India giving the percentage of local content is also acceptable. In case office or subsidiary in India does not exist or Indian office/ subsidiary is not required to appoint statutory auditor or cost auditor, certificate from practising cost accountant or practising chartered accountant giving the percentage of local content is also acceptable.
- 8.2 Each supplier shall provide the necessary local-content documentation to the statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies), which shall review and determine that local content requirements have been met, and issue a local content certificate to that effect on behalf of procuring company, stating the percentage of local content in the good or service measured. The statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost accountant or practising chartered accountant (in respect of other than companies) shall keep all necessary information obtained from suppliers for measurement of Local Content confidential.
- 8.3 The Local Content certificate shall be submitted along with each invoice raised. However, the % of local content may vary with each invoice while maintaining the overall % of local content for the total work/purchase of the pro-rata local content requirement. In case, it is not satisfied cumulatively in the invoices raised up to that stage, the supplier shall indicate how the local content requirement would be met in the subsequent stages.
- 8.4 As regards cases where currency quoted by the bidder is other than Indian Rupee, exchange rate prevailing on the date of Notice Inviting Tender (NIT)/ Issuance of Tender shall be considered for the calculation of Local Content.
- 8.5 GAIL shall also have the authority to audit as well as witness production processes to certify the achievement of the requisite local content.

9.0 Sanctions

- 9.1 During execution, it shall be the responsibility of the supplier/contractor to ensure fulfillment of the minimum local content specified in the bidding document failing which GAIL shall impose sanction on manufacturers/ service providers. The sanctions shall be in the form of written warning, financial penalty and banning.
- 9.2 In the event that a manufacturer or supplier of goods and/or provider of services does not fulfill his obligation after the expiration of the period specified in such warning, the GAIL shall initiate action for banning such

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manufacturer/supplier/service provider as per as per GAIL's extant "Procedure for action in case Corrupt/Fraudulent/Collusive/Coercive Practices"

- 9.3 A manufacturer and/or supplier of goods and/or provider of services who has been awarded the contract after availing Purchase Preference is found to have violated the LC provisions, in the execution of the procurement contract of goods and/or services shall be subject to financial penalty an amount equal to 10% of the Contract Price. This financial penalty shall be over and above the CPBG value prescribed in the contract.
- 9.4 In case a manufacturer and/or supplier of goods and/or provider of services desires to change the origin of sourcing of material/services, the same may be allowed with the understanding that in case this results in non compliance to minimum local content, the penal action as above shall be applicable.

PROCEDURE FOR AWARD OF CONTRACTS/ ORDERS

A. PROCEDURE FOR AWARD OF CONTRACTS UNDER THIS POLICY SHALL BE AS FOLLOWS (SUBJECT TO QUANTITY DISTRIBUTION APPLICABLE TO MSES AS PER PUBLIC PROCUREMENT POLICY FOR MSE 2012, REFER EXAMPLES GIVEN BELOW):

1.1. In procurement of all items which are divisible in nature, the 'Class I local supplier' shall get purchase preference over 'Class II local supplier' as well as 'Non Local Supplier' as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class I local supplier', the contract for full quantity will be awarded to L1.
- ii. If L1 bid is not a 'Class I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, lowest bidder among the 'Class I Local supplier' will be invited to match the L1 price for the remaining 50% quantity subject to the Class I local supplier's quoted price falling within the margin of purchase preference. and contract for that quantity shall be awarded to such 'Class I local supplier' subject to matching the L1 price.

In case such lowest eligible 'Class I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class I 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 case some quantity is still left uncovered on Class I local suppliers, then such balance quantity may also be ordered on the L1 bidder.

1.2. In the procurement of all items which are not divisible in nature and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.
- ii. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.

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- iii. In case such lowest eligible 'Class-I local supplier' 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 contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

B. Example to deal Various situations in case a bidder is eligible to seek benefit under Policy for Provide Purchase Preference (linked with local content (PP-LC) as well as Public Procurement Policy for MSE 2012 (PPP for MSE 2012):

(I) Non divisible item

L1 bidder is non MSE, non Class-II local supplier as per PP-LC

L2 bidder is Class-I Local supplier as per PP-LC (prices within 20%)

L3 bidder is MSE bidder (prices within 15%)

MSE bidder shall be given preference to match the L1 price. If bidder matches the L1 price, order shall be placed on him, otherwise, option for matching the L1 price shall be given to L2 bidder (PP-LC).

(II) Divisible item-Case 1

L1 bidder is non MSE, non Local supplier/ Class-II local supplier as per PP-LC

L2 bidder is Class-I Local supplier as per PP-LC (within 20%)

L3 bidder is MSE bidder (within 15%)

MSE bidder shall be given preference to match the L1 price. If bidder matches the L1 price, order shall be placed on him for the quantity specified in the bidding document for MSEs (i.e. 25% of the tendered quantity). For 50% of tendered quantity option for matching the L1 price shall be given to L2 bidder (Class-I Local supplier as per PP-LC). Balance quantity (i.e. 25% of the tendered quantity) shall be awarded to original L1 bidder.

(III) Divisible item-Case 2

L1 bidder is non MSE, Non Local supplier/ Class-II as per PP-LC

L2 bidder is Class-I Local supplier as per PP-LC (within 20%)

L3 bidder is MSE bidder (within 15%)

L4 bidder is MSE bidder (within 15%)

MSE bidders shall be given preference to match the L1 price. If bidders matched the L1 price, order shall be placed on each of them for 12.5% of

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the tendered quantity. In case L3 or L4 bidder refuses, the order shall be placed on remaining MSE bidder who matches the L1 prices for 25% of the quantity. For 50% of tendered quantity option for matching the L1 price shall be given to L2 bidder (Class-I Local supplier as per PP-LC). Balance quantity (i.e. 25% of the tendered quantity) shall be awarded to original L1 bidder.

- (IV) In case L1 bidder is a MSE bidder, the entire goods/ jobs shall be awarded to him without resorting to purchase preference to Class-I Local supplier as per PP-LC.
- (V) In case L1 bidder is a Class 1 Local supplier as per PP-LC, purchase preference shall only be resorted to MSE bidder as per PPP 2012.

FORM-1
UNDERTAKING FOR APPLICABILITY OF POLICY (APPLICABLE FOR
CLASS-I LOCAL SUPPLIER ONLY)

To,

M/s GAIL (INDIA) LIMITED

SUB:

TENDER NO:

Dear Sir

We, M/s _____ (*Name of Bidder*) hereby confirm that following purchase preference to be considered:-

Description	Preference
Purchase Preference under Public Procurement Policy for MSE	<input type="checkbox"/>
Policy to Provide Purchase Preference (linked with local content)	<input type="checkbox"/>

Note:

- (i) Please indicate your preference against only one policy.
- (ii) The above preference shall be extended only after submission of requisite documents (as mentioned in the tender documents).
- (iii) In case a bidder is eligible to seek benefit under PP-LC policy as well as PPP for MSE 2012, then the bidder should categorically seek benefits against only one of the two policies i.e. either PP-LC and MSE policy.
- (iv) In case a MSEs bidder opts for purchase preference based on PP-LC, he shall not be entitled to claim purchase preference benefit available to MSE Bidders under PPP for MSE 2012. However, the exemptions from furnishing Bidding Document fee and Bid security/EMD shall continue to be available to MSE Bidders
- (v) The option once exercised cannot be modified subsequently.

Place:

[Signature of Authorized Signatory of Bidder]

Date:

Name:

Designation:

Seal:

FORM-2
SELF CERTIFICATION BY BIDDER WHO CLASS-I/CLASS-II LOCAL
SUPPLIER TOWARDS MANDATORY MINIMUM LOCAL CONTENT

To,

M/s GAIL (INDIA) LIMITED

SUB:

TENDER NO:

Dear Sir

We, M/s _____ (*Name of Bidder*) confirm that as per the definition of mentioned in PP-LC Policy we are:

Class-I Local supplier []

Class-II Local Supplier []

(Bidder is to tick appropriate option (✓ or X) above).

It is further confirm that M/s _____ (*Name of Bidder*)/ *M/s*
(Name of Manufacturer, in case bidder is a supplier quoting on behalf of manufacturer) (~~strikethrough which is not applicable~~) meet the mandatory minimum Local content requirement of% specified for Class-I Local supplier/ Class-II Local supplier (~~strikethrough which is not applicable~~) under Policy to Provide Purchase Preference (linked with local content).

We further confirm that in case we fail to meet the minimum local content, the same shall be treated false information and GAIL will take action as per provision of tender document.

Place:

[Signature of Authorized Signatory of Bidder]

Date:

Name:

Designation:

Seal:

FORM-3

**CERTIFICATE BY STATUTORY AUDITOR/COST AUDITOR/ CHARTERED
ACCOUNTANT OF BIDDER WHO CLASS-I /CLASS-II LOCAL SUPPLIER
TOWARDS MANDATORY MINIMUM LOCAL CONTENT**

To,

M/s GAIL (INDIA) LIMITED

SUB:

TENDER NO:

Dear Sir

1. We _____ the statutory auditor/ cost auditor/chartered accountant (not an employee of the company) of M/s. _____ (*Name of the bidder*) hereby certify that as per definition specified in PP-LC policy, M/s. _____ (*Name of the bidder*) is

Class-I Local supplier []

Class-II Local Supplier []

(Bidder is to tick appropriate option (✓ or X) above)..

2. It is further confirm that M/s _____ (*Name of Bidder*)/ M/s (**Name of Manufacturer, in case bidder is a supplier quoting on behalf of manufacturer**) (*strikethrough which is not applicable*) meet the mandatory minimum Local content requirement of% specified for Class-I Local supplier/ Class-II Local supplier (*strikethrough which is not applicable*) under Policy to Provide Purchase Preference (linked with local content) quoted vide offer No. _____ dated _____ against tender No. _____ by M/s _____ (*Name of the bidder*).”

Name of Audit Firm:

[Signature of Authorized Signatory]

Name:

Date:

Designation:

Seal:

Membership no.

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Note:

- (i) This certificate is to be furnished by 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 respect of suppliers other than companies)
- (ii) The above format is indicative, the statutory auditor/ cost auditor/ cost accountant can modify the format without changing the intent of certification.

FORM-4

UNDERTAKING BY MANUFACTURER TOWARDS MANDATORY MINIMUM
LC

(IN CASE SEEKING BENEFIT OF PP-LC)

To,

(Name and address of authorized supplier)

SUB:

TENDER NO:

Dear Sir

We, M/s _____ (*Name of Manufacturer*) undertake that we meet the mandatory minimum Local content requirement of% specified for Class-I Local supplier/ Class-II Local supplier(*strikethrough which is not applicable*) under Policy to Provide Purchase Preference (linked with local content).

Place: [Signature of Authorized Signatory of Manufacturer]
Date: Name:
Designation:
Seal:

Note :

1. The above undertaking is to be submitted by manufacturer to supplier on their letter head in case bid is submitted by a supplier.
2. Authorized Signatory of Manufacturer will be director or Company secretary

FORM-5
CERTIFICATE BY 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 OTHER THAN COMPANIES) OF MANUFACTURER OF
CLASS-I/ CLASS-II SUPPLIER

To,

(Name and address of authorized supplier)

SUB:

TENDER NO:

Dear Sir

We _____ the statutory auditor / cost auditor/ practising cost accountant/ practising chartered accountant of M/s. _____ (*Name of Manufacturer*) hereby certify that M/s. _____ (*Name of Manufacturer*) meet the mandatory minimum Local content requirement of% specified for Class-I Local supplier/ Class-II Local supplier (*strikethrough which is not applicable*) under Policy to Provide Purchase Preference (linked with local content) quoted vide offer No. _____ dated _____ against tender No. _____ by M/s _____ (*Name of the bidder*).”

Name of Audit Firm:

[Signature of Authorized Signatory]

Date:

Name:

Designation:

Seal:

Membership no.

Note:

1. The above undertaking is to be submitted by statutory auditor / cost auditor/ practising cost accountant/ practising chartered accountant of manufacturer on their letter head in case bid is submitted by a supplier on behalf of manufacturer.
2. The above format is indicative, the statutory auditor / cost auditor/ practising cost accountant/ practising chartered accountant can modify the format without changing the intent of certification.