

Stirring the embers of 'Make in India': Amendment of the Public Procurement Order, 2017

written by Jidesh Kumar | September 24, 2020



Amendment to Public Procurement Norms: Reciprocal Action by Centre to boost 'Make in India'

"Come make in India. Sell anywhere but Make in India"! An initiative by PM, Narendra Modi to increase investment and product manufacturing, got a boost by the recent amendment of the Public Procurement (Preference to Make in India) Order, 2017 ("Order") on September 16, 2020,^[1] by adding a reciprocity clause. The Order enables the nodal ministries/ departments to notify higher minimum local content requirements for Class I and Class II local suppliers. This was earlier 50% and 20% respectively.

The Order disallows the entities of those countries which block Indian companies to participate in government procurement for any item, from participating in the procedure of government procurement in India for all items related to that nodal ministry or department. However, a list of exceptions has been published by the respective ministries allowing their participation.

"Specifying foreign certifications/unreasonable technical specifications/brands/models in the bid document is a restrictive and discriminatory practice against local suppliers. Foreign certification, if required, shall be stipulated only with the approval of the Secretary of the Department concerned," the Commerce Ministry added in its statement ("statement") released on September 18, 2020.^[2] This provision shall encompass all tenders invited by the central government procuring entities. Further, all government e-marketplaces must also have this provision for all the items identified by the nodal ministry.

As per the statement, any required foreign certification shall only be stipulated post the approval of the secretary of the concerned department. All the administrative ministries or departments will be required to notify their procurement projections for the next five years on their respective sites if their procurement exceeds Rs.1000 crore per annum.

The government will further notify an upper threshold limit for procurement beyond which foreign entities shall enter into a joint venture with an Indian company for the participation in government ventures.

The aim of the latest comprehensive Order is to give preference to local suppliers and to encourage the manufacturing and production of goods and

services in India, in order to enhancing income and employment.

- [1] No.P- 45021/2/2017-PP(BE-II), September 16, 2020, Ministry of Commerce and Industry
- [2]<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1656269#:~:text=The%20Government%20of%20India%20has,50%25%20and%2020%25%20respectively.>

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