

**No.59011/8/2015-D(HAL-II)**  
**Government of India**  
**Ministry of Defence**  
**Department of Defence Production**

**'B' Wing, Sena Bhawan,**  
**New Delhi -110011**  
**Dated: 16<sup>th</sup> November, 2018**

**NOTIFICATION**

**Subject: Public Procurement (Preference to Make in India) Order 2017-Notifying Defence Products in furtherance of the Order**

**Reference: Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-B.E.-II dated 15.06.2017**

The Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department of Industrial Policy and Promotion (DIPP) Notification No.P-45021/2/2017-B.E.-II dated 15.06.2017 to encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment.

2 In furtherance of the Public Procurement (Preference to Make in India) Order 2017, it is hereby notified that preference shall be provided by all procuring entities to domestically manufactured Defence Items/Products as per the aforesaid Order.

3. The following Defence Products are notified under the Public Procurement (Preference to Make in India) Order 2017:

(A)

<b>Percentage of procurement for which preference to domestically manufactured Defence Products is to be provided (in value terms)</b>	<b>Percentage local content or domestic value addition in terms of Bill of Material (BOM) required for the Defence Products to qualify as domestically manufactured</b>
	<b>As specified in Column No-3</b>

**(B) Local Content of Identified items**

1	2	3
SI No.	Major Items identified for increasing the Local/ Indigenous content.	Percentage of Local Content by DPSUs/OFB as per DPP 2016 guidelines.
1	GYRO UNIT (474375550133)	35%
2	LENS (270093190166, 270190730165, 270190740156)	40%

4. The Notification comes into effect immediately and would be reviewed after 31.03.2020.

5. This Notification shall remain valid till the revised Notification is issued.

6. No Defence Product Notification under the Public Procurement (Preference to Make in India) Order 2017 shall have retrospective effect.

**7. Procedure for calculating local content/ domestic value addition**

7.1 The percentage of the local content shall be calculated as per the definition of Indigenous Content (IC) given in Defence Procurement Procedure (DPP) 2016 which is as follows:

Local Content for an equipment or an item shall be arrived at by excluding from the total cost of that equipment/item the following elements at all stages (tiers) of manufacturing/production/assembly:-

(a) Direct costs (including freight/transportation and insurance) of all materials, components, sub-assemblies, assemblies and products imported into India.

(b) Direct and Indirect costs of all services obtained from non-Indian entities/citizens.

(c) All license fees, royalties, technical fees and other fees/payments of this nature paid out of India, by whatever term/phrase referred to in contracts/agreements made by vendors/ sub-vendors.

(d) Taxes, duties, cesses, octroi and any other statutory levies in India of this nature.

**8. Verification of local content/ Domestic Value Addition**

a. Department of Defence Production (DDP) may constitute a Technical Committee with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis in the case of complaints.

b. Department of Defence Production (DDP) and procuring entities may prescribe fee for the administrative cost of handling such complaints.

c. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law

d. Department of Defence Production (DDP) may issue such clarifications and instructions as may be necessary of the removal of any difficulties arising from implementation of this Order.

e. The other terms and conditions will be as per the Department of Industrial Policy and Promotion ( DIPP) Order No P-45021/2/2017-B.E.-II dated 15<sup>th</sup> June, 2017.

9. DDP shall be the Nodal Ministry to monitor the implementation of the Defence Products Notification.

10. In case of a question whether an item being procured is a defence product to be covered under the Public Procurement (Preference to Make in India) Order 2017, the matter would be referred to the Department of Defence Production (DDP) for clarification.

  
(Rajib Kumar Sen)

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New Delhi, Dated: 16<sup>th</sup> November, 2018

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2. Cabinet Secretariat
3. PMO
4. Comptroller and Auditor General of India
5. Department of Expenditure
6. Joint Secretary (DIPP), Member-Convener of Standing Committee of Public Procurement Order 2017

7. **CGDA, Ministry of Defence**
8. **NITI Aayog**
9. **Secretary, DRDO**
10. **The Chairman & DG, OFB**
11. **The CMDs of the All DPSUs**
  
12. **JS ( DIP), JS(Aero), JS(LS), JS(P&C), JS(NS), OSD( PG)**
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