

**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: 29<sup>th</sup> June, 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**

<b>1</b>	<b>2</b>	<b>3</b>
<b>Sl No.</b>	<b>Major Items identified for increasing the Local/ Indigenous content.</b>	<b>Percentage of Local Content by DPSUs/OFB as per DPP 2016 guidelines.</b>
1	HP Air compressor	60%
2	Sea Water Pumps	50%
3	Oil Pumps	50%
4	AC Plant	60%
5	Food Refrigeration Plant	60%
6	Ventilation Fan	50%
7	Inter Communication System	60%
8	Sound powered Telephone	60%
9	Galley Equipment	60%
10	Heat Exchangers	50%
11	Extinguishing CO2System	50%
12	Torpedo Handling Trolley	50%
13	Integrated Platform Management System (IPMS)	50%
14	Steering Console	50%
15	H2, O2 & CO2 analyser	50%
16	HVAC Ventilation Eqpt (without AC plant)	50%
17	Modular Galley	60%
18	Helo Safety Net	70%
19	Helo Landing Grid	60%
20	Helo Traversing System	60%
21	Foldable Hanger Door	50%
22	Root Glass Window	50%
23	AC Plants	60%
24	Main Diesel Engine	50%
25	Auto Plotter	50%
26	Integrated Platform Management System (IPMS)	50%

27	Water & Weather tight quick acting doors (Remotely control)		60%
28	Multi Cable transit ( MCT) Glands		50%
29	Integrated bridge system ( IBS)		50%
30	Satellite TV ( gyro stabilised ) Entertainment system		50%
31	Akash	Sensor Package Unit ( SPU)	33%
32	Akash	Octol ( Explosive Material)	10%
33	Konkurs-M	Knock Out Engine Charge	10%
34	Konkurs-M	OMA ( Expl. Composition)	10%
35	Konkurs-M	OKFOL ( Expl. Composition)	10%
36	Invar	Sustainer Charge	10%
37	Invar	Inductor Bush	10%
38	PTO Type B with UN32 PUMP		50%
39	Steering Booster with Joint		50%
40	Gear shift Booster		50%
41	Clutch shaft		50%
42	Alternator K1 28V/55A		50%
43	Injection Valve		50%
44	Air Heater		50%
45	Relay Switch 300 Amps		50%
46	Indicator		50%
47	Spring Hose		50%
48	Thermostatic		50%
49	Avionics		45%
50	Aerospace Standard Electrical / Electronic Systems and Parts		45%
51	Aerospace Standard Electromechanical Systems and parts		40%
52	Aerospace Standard Fastener		40%

53	Aerospace Standard Mechanical System and Parts	40%
54	Aerospace Standard Raw Material / Metallic Parts	45%
55	Aerospace Standard Rubber and Plastic components	45%
56	Aerospace Standard Cable , Loom & Harness	45%
57	Aerospace Standard Casting / Forging	40%
58	Design, Manufacturing, Supply, Erection and Commissioning of Furnaces.	25%
59	Design, manufacturing, Supply, Erection and commissioning of Capital Equipments like Rolling Mills, Presses, Hammers etc.	10%
60	Design, manufacturing, Supply, Erection and commissioning of Capital Equipment like Melting Furnaces.	15%

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.


  
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**New Delhi, Dated: 29 .06.2018**

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