**APPENDIX-A**

**ADDITIONAL TERMS & CONDITIONS**

Purchase Preference clause is applicable for this tender.

In line with Public Procurement (Preference to Make in India), Order 2017 issued by Govt. of India & with a view to support the Indian industries by way of providing Purchase Preference, HAL has implemented "Purchase Preference Policy". The "Purchase Preference" is applicable for the "Local Supplier" for the items *I* services covered in this tender subject to the following terms & conditions:

**NOTE:**

The subject item falls under **INDIVISIBLE/ NOT DIVISIBLE** category.

1. 'Local Supplier' means a supplier (manufacturer, not a trader) or service provider whose product or service offered for procurement meets the minimum "local content" requirement of 50%.
2. 'Local content' means the amount of value added in India (i.e. indigenous items/services added in the offered products/services) be the total value of the item offered (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties/IGST) as a proportion of the total value (excluding net domestic indirect taxes), in percent.
3. The margin of Purchase Preference shall be up to 20%.
4. 'Margin of purchase preference' means the maximum extent to which the price quoted by the bidder above the L1 (landed cost).
5. 'L1' means the lowest technically accepted tender *I* bid *I* quotation (i.e. lowest landed cost including duties, taxes and freight & Insurance).
6. Purchase Preference:

Goods are not divisible (required quantity is 1 or as a package or Aircraft LRUs in case of goods) and services:

* + 1. if L1 is from a local supplier the contract will be awarded to L1 bidder.
    2. If L1 is not from a local supplier, the lowest bidder among the local suppliers will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference (i.e. 20%) and the contract shall be awarded to such local supplier subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).

iii. In case such lowest eligible local supplier fails to match the L1 price, the 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 order/contract shall be awarded accordingly. In case where none of the local suppliers within the margin of purchase preference agree to match the L1 price then the order/contract shall be awarded to the original L1 Bidder.

1. Technically acceptable offers only will be considered for purchase preference.
2. The local supplier should provide a "Self Certification" along with offer indicating that the item offered meets the minimum local content of 50% and provide the details of the location(s) at which the local value addition is made.
3. In cases the quoted price is in excess of Rs.10 Crores (including duties, taxes and freight & Insurance), the local supplier shall provide a certificate from 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 case of suppliers other than companies) giving the percentage of local content.
4. A committee (with an external expert from a practicing cost accountant or practicing chartered accountant, if required) constituted for independent verification shall verify the self-declarations & auditor's *I* accountant's certificates on random basis, as per the requirements.
5. The ink-signed certificate shall be provided on vendor’s letter head along with the offer (in case of online tender, copy of ink-signed certificate can be considered subject to receipt of original certificate within 15 days of due date of tender). In case of non-submission of certificate, the purchase preference shall not apply.
6. On similar line for Rs.10 Crores & above, the ink-signed certificate provided by the concerned authority as brought-out above need to be enclosed.
7. In case of a complaint received from any Vendor indicating a heed for review *I* verification of Local content of successful vendor *I* awarded vendor, for accepting a complaint from such complainant (w.r.t the false declaration given by the successful vendor on the local content), a complaint fee of Rs.2 Lakhs or 1% of the locally manufactured items being procured (subject to a maximum Rs.5 Lakhs), whichever was higher, to be paid by demand draft by the complainant. In case, the complaint is found to be incorrect, the complaint fee shall be forfeited. In case, the complaint is upheld and found to be substantially correct, deposited fee of the complainant would be refunded without any interest.
8. False declarations will be in breach of code of the integrity for which a bidder or its successor's will not be eligible/debarred for purchase preference from further tenders *I* pending tenders for two years along with other actions as may be applicable.

16. Further, in case the violation/false declaration established, in such case, a penalty amount up to 2% value of each order will be deducted on such defaulted bidders.

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