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**GOVERNMENT OF MANIPUR  
SECRETARIAT : DEPARTMENT OF TEXTILES, COMMERCE & INDUSTRY**

**NOTIFICATION**

Imphal, the 13<sup>th</sup> March, 2023

**No. MSME-108/15/2021-TCI-T,C&I:** Whereas, it is the aims and objectives of the Government of Manipur to encourage 'Make in Manipur' and promote manufacturing and production of goods and services in Manipur with a view to enhancing income and employment;

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective;

Whereas local content can be increased through partnerships, cooperation with local companies, establishing production units in Manipur or Joint Ventures (JV) with suppliers in Manipur, increasing the participation of local employees in services and training them;

Now, therefore, the State Government by Order, notifies the Manipur Public Procurement Policy - Preference to Make in Manipur, 2022 (hereinafter referred to as the Policy) in respect of procurement of goods and services of the State by its Department and Public Sector Undertakings, Board, Commissions and similar organisations set up or aided by the Government of Manipur.

**The Manipur Public Procurement Policy - Preference to Make in Manipur, 2022**

2. Short title and commencement: -

(i) This Policy is titled as "Manipur Public Procurement Policy - Preference to Make in Manipur, 2022"

(ii) It shall come into force with from the date of publication in the Official Gazette.

3. Definitions: -

(i) '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.

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

(iii) 'Imported' means any goods, services or works bought in the State of Manipur that is produced or has its origin in any region outside the State of Manipur.

(iv) 'L 1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

(v) 'Local Content,' means the amount of value added in Manipur which shall be the total value of the item procured (excluding net domestic indirect taxes) minus the value of

imported content in the item (including all taxes & duties) as a proportion of the total value, in percent.

(vi) 'Margin of purchase preference' means the maximum extent to which the price quoted by a "Class-I local supplier" may be above the L1 for the purpose of purchase preference.

(vii) 'Nodal Department' means Government Department or Public Sector Undertaking, Board, Commission and similar organisation set up or aided by the Government of Manipur identified pursuant to this Policy in respect of a particular item of goods or services or works.

(viii) '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.

(ix) 'Procuring entity' means a Government Department or Public Sector Undertaking, Boards, Commission and similar organisation set up or aided by the Government of Manipur and includes Government of Manipur and includes Government companies as defined in the Companies Act.

(x) 'Works' means all works as per Rule 130 of GFR-2017, and will also include 'turnkey works'.

#### 4. Eligibility of 'Class-I local supplier/ Class-II local supplier/ Non-local suppliers' for different types of procurement

(a) In procurement of goods, services or works in respect of which the Nodal Department has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier', as defined under the Policy, shall be eligible to bid irrespective of purchase value.

(b) In procurement of all goods, services or works, not covered by sub-para 5(a) above, and with estimated value of purchases less than 200 crore, in accordance with Rule 161 (iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by the Department of Expenditure, Government of India. Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Policy, 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'.

(c) For the purpose of this Policy, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

#### 4A. Purchase Preference

(a) Subject to the provisions of this Policy and to any other specific instructions issued by the Nodal Department or in pursuance of this Policy, purchase preference shall be given

to 'Class-I local supplier' in procurements undertaken by procuring entities in the manner specified hereunder.

(b) In the procurements of goods or works, which are covered by para 4(b) above and 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 the 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 is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, the 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 eligible '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.

(c) In the procurements of goods or works, which are covered by para 4(b) above and 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 the 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 a 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract shall be awarded to such eligible '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.

(d) 'Class-II local supplier' will not get purchase preference in any procurement, undertaken by procuring entities.

5. **Reservation of items for mandatory purchase from Micro and Small Enterprises:**
  - i. The State Government, on recommendation of the State Monitoring and Review Committee, may reserve list of items for compulsory public procurement from Micro and Small Enterprises in the State as per section 11 of Micro, Small and Medium Enterprises Development (MSME) Act, 2006.
  - ii. The Micro and Small Enterprises shall possess Udyog Aadhaar Memorandum (UAM) and registered with District Industries Centres of Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board of National Small Industries Corporation or Directorate of Trade, Commerce & Industries or Directorate of Handloom and Textiles or any other body specified by Ministry of Micro, Small and Medium Enterprises or the Department of Textiles, Commerce & Industries as the case may be.
6. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 5, procurements where the estimated value to be procured is less than Rs. 10,000 shall be exempt from this Policy. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Policy.
7. **Minimum local content:** The local content requirement to categorize a supplier as 'Class-I local supplier'/'Class-II local supplier'/'Non-local supplier' shall be as defined in the Para "3" of the Order. No change is permissible on this account. However, if any Nodal Department finds that for any particular item, pertaining to their Nodal Ministry/Department, the definition of Local Content, as defined in the Policy, is not workable/has limitations, it may notify alternate suitable mechanism for calculation of local content for that particular item.
8. **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.
9. **Requirement for specification in advance:** The minimum local content, the margin of purchase preference and the procedure for preference to Make in Manipur shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.
10. **Government E-marketplace:** In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.
11. **Verification of local content:**
  - (i) The 'Class-I local supplier'/'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local



supplier/Class-II local supplier', as the case may be. They shall also give details of the location(s) at which the local value addition is made.

- (ii) In cases of procurement for a value in excess of Rs. 10 Lakhs, the 'Class-I local supplier'/'Class-II local supplier' shall be required to 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 respect of manufacturers other than companies) giving the percentage of local content.
- (iii) Decisions on complaints relating to implementation of the Policy shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
- (iv) Nodal Departments may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/accountant's certificates on random basis and in the case of complaints.
- (v) Nodal Departments and procuring entities may prescribe fees for such complaints.
- (vi) False declarations will be in breach of the Code of Integrity under Rule 175(I)(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.
- (vii) A supplier who has been debarred by any procuring entity for violation of this policy shall not be eligible for preference under this Policy for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of the procurement entities, in the manner prescribed under paragraph (viii) below.
- (viii) The Department of Textiles, Commerce & Industry shall issue suitable instructions for the effective and smooth operation of this process, so that:
  - i. The fact and duration of debarment for violation of this Policy by any procuring entity are promptly brought to the notice of the Member Secretary of the Review and Monitoring Committee through the concerned Department or in some other manner;
  - ii. On a periodical basis such cases are consolidated and a centralized list or decentralized lists of such manufacturers with the period of debarment is maintained and displayed on website(s);
  - iii. In respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in such a manner that ongoing procurements are not disrupted.

2. Specifications in Tenders and other procurement solicitations: -

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not disadvantage the local manufacturers as long as they are technically competent. The procuring entities may exempt such clauses for local manufacturers that have started manufacturing or providing services 3 (three) years prior to the date of Notice Inviting Tender.

- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of 'Class-I local supplier'/'Class-II local supplier' who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the manufacturer.
  - c. Procuring entities shall, within 2 months of the issue of this Policy review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.
- 12A. Action for non-compliance of the provisions of this Policy: In case restrictive or discriminatory conditions against local suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.
13. Assessment of supply base by Nodal Departments: The Nodal Departments shall keep in view the local manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Policy.
14. Increase in minimum local content: The Nodal Department may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.
15. Manufacturing under license/ technology collaboration agreements with phased indigenization: While notifying the minimum local content, Nodal Departments may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in Manipur under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed outside Manipur with clear phasing of increase in local content.
16. Power to grant exemption and to reduce minimum local content: The Administrative Department undertaking the procurement (including procurement by any entity under its administrative control), may by written order, for reasons to be recorded in writing,
- a. Reduce the minimum local content below the prescribed level;
  - b. Reduce the margin of purchase preference below 20%, or
  - c. Exempt any particular item or supplying entities from the operation of this Policy or any part of the Policy.

A copy of every such order shall be marked to the Member Secretary of the Monitoring and Review Committee constituted under the Public Procurement Policy for Micro and Small Enterprises (MSEs) 2020.

17. Directions to Government companies, Public Sector Undertaking, Boards, and Commissions: In respect of Government companies and other procuring entities not governed by the General Financial Rules, the Administrative Department concerned shall issue policy directions requiring compliance with this Policy.

18. State Monitoring and Review Committee: A State Monitoring and Review Committee is hereby constituted with the following membership:

Administrative Secretary (Finance), Govt, of Manipur	- Chairman
Administrative Secretary (Planning), Govt, of Manipur	- Member
Administrative Secretary (GAD), Govt, of Manipur	- Member
Administrative Secretary (Textiles, Commerce & Industry), Govt, of Manipur	- Member
Director of Trade, Commerce & Industries, Manipur	- Member Secretary

The Administrative Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairperson of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

19. Functions of the State Monitoring and Review Committee: The Committee shall meet as often as necessary, but not less than once in three months. The Committee

- a. shall oversee the implementation of this Policy and issues arising there from, and make recommendations to Nodal Departments and procuring entities
- b. shall annually assess and periodically monitor compliance with this Policy.
- c. shall identify Nodal Departments and the allocation of items among them for issue of notifications of minimum content
- d. may require furnishing of details on returns regarding compliance with this Policy and related matters
- e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the Policy results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
- f. may examine cases covered by para 15 above relating to manufacture under license/technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization.
- g. may consider any other issue relating to this Policy which may arise.

20. Removal of difficulties: Departments and the Board of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Policy.

21. Departments having existing policies: Where any Government Departments or Public Sector Undertaking, Boards, Commissions and similar organizations set up or aided by the Government of Manipur, has its own policy for preference to local content approved by the State Cabinet, such policies will prevail over the provisions of this Policy. All other existing

orders/regulations/rules on preference to local content shall be reviewed by the Nodal Department and revised as needed to conform to this Policy, within two months of the issue of this Policy.

22. Transitional provision: This Policy shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Policy.

PRADEEP KUMAR JHA,  
Commissioner (Textiles, Commerce & Industry),  
Government of Manipur.