

Hindustan Shipyard Limited: Visakhapatnam
Chairman & Managing Director's Office

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| Sub: Public Procurement Policy – Vendor Development | Instructional Order No. CMD/IO/14/2016 Date Effective : 18 Jun 2016 Date issued : 18 Jun 2016 | |
| Previous Reference | Departments affected | Distribution |
| 1. Gazette of India extraordinary, Part II-Section3-Sub-section(ii) dated 26 Mar 12 2. JS(DIP), MoD, DDP DO Letter 18(2)/2016/Sul/DP(PIg-MS) dated 18 Apr 16 3. Minutes of the meeting by Secretary(DP) with all CMDs of DPSUs held on 04 May 16 | Purchase & Materials DDSR Civil Engineering Design Office Submarine Division Plant Maintenance PP&PM Finance HR | Functional Directors CVO, PD 11184 CGM(SB&SR) GM(CP), GM(EKM) GM(PP&PM), AGM(Submarine) AGM(PM) DGM(CM) |

1. In order to focus on Make in India, Indigenization Policy has been formulated in HSL as per MoD directive. The aim of the policy is to enhance the local content and indigenization through increased vendor / manufacturing base, so as to give impetus to "Make in India" policy of Govt. of India. The policy will work in sync with common aim to increase indigenization / local content in our ship building projects.

2. Government of India is giving a major thrust for 'Make in India' programme towards achieving long term goal of self-reliance in strategic defence sector. Accordingly, MoD has also issued directives to Shipyards to put in place an Indigenization policy. This policy is to form a sub set of the long term Make in India policy.

Purchase preferences to Local Indian Manufacturer over Foreign Manufactures:

3. To promote 'Make in India' in pursuance of Govt. of India initiative, purchase preference shall be provided to domestic manufacturers, as follows:

In a competitive bidding process, an Indian firm quoting with minimum 30% indigenous content in the product and quoting with maximum up to 10% more (Landed Cost) than the foreign firms, can be requested to accept the L1 price of foreign firm and orders can be placed accordingly.

Modality of purchase preference:

4. Following conditions are to be fulfilled while extending the purchase preference:

(a) Necessary supporting documentary evidence is to be provided by the vendors to HSL in support of indigenization percentage declared by them.

(b) In case the percentage of indigenization to be achieved, as declared by the Vendors prior to placement of order, is not achieved at the time of supply, then 2.5% of the order value

