



PM Cell – MM

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**Circular No. 33/2018**

No: MAT/PMC/13(21)PP-LC/2018

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**Sub: Purchase preference Policy (linked with Local Content) (PP - LC)**

Reference is invited to Circular No. 19/2017 dated 16.05.2017 whereby detailed guidelines, tender and contract conditions pertaining to Purchase preference Policy (linked with Local Content) (PP - LC) were notified for compliance by all concerned.

Certain difficulties were reported during implementation of the said policy which have been examined in the EPC meeting (14/2018) held on 21.06.2018. Accordingly, following clarifications on the policy are furnished:

Sl.	Issue	Clarification
1	<u>Applicability:</u> Whether PPLC policy shall be applicable in both types of tender viz. ICB/NCB.	PPLC policy shall be applicable in case of ICB tenders only.
2	Where the bidder who quotes as PP LC bidder but emerges as L1 on its own without availing the preference, whether other provisions of the PP-LC policy shall be applicable.	Refer circular No. 25/2018 dtd. 28.05.2018, which stipulates that additional BG (to cover the eventuality of financial penalty for not honouring the LC commitment during the execution) shall not be required if the bidder does not avail of preference in award.  On similar lines, for such firms provisions of the policy for verification of LC after contract award shall also not be applicable.
3	<u>Validity period of the policy</u> The existing guidelines, that policy shall be applicable for 5 years. Except for 2017-18, the policy shall not be continued unless, the Steering Committee by September 30th of each year, concludes a review as per para 8.2 of the policy and recommends continuation of the purchase preference. It need to clarified as to whether tenders invited after 2017-2018 shall come under purview of the policy.	Tenders invited prior to 30.09.2018 shall include PP-LC provisions. In case policy is continued/extended by MoPNG, suitable guidelines shall be issued.

Further, in circular No. 25/2018 dtd. 28.05.2018, it is mentioned that successful PP-LC bidder is required to submit an additional Bank Guarantee equivalent to the amount of PBG. It is clarified that the additional Bank Guarantee to be submitted by successful PP-LC bidder, shall be equal to 10% of the contract price.

Above guidelines should be meticulously followed by all concerned.

  
(Ashwini Nagia)

ED-Chief MM Services

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