



Indian Electrical & Electronics Manufacturer's Association  
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## Director General

SEC/REP/S/133

8<sup>th</sup> June 2021

Dear Shri Alok Kumar ji,

**Sub: Issues arising out of Clarification Issued by the Department of Expenditure, dated 8th February 2021**

**Ref: Meeting Chaired by you on 4th May 2021**

We thank you for inviting IEEMA to the meeting chaired by you, on 4th May 2021, to discuss implementation of the Ministry of Power (MoP) Orders, dated 2nd July 2020 and 28<sup>th</sup> July 2020 as well as, the Order of Department of Expenditure (DoE), Ministry of Finance, dated 23rd July 2020, and the subsequent clarification issued by DoE, dated 8th February 2021.

We recommend as follows:

1) The DoE, vide its clarification dated 8th February 2021, has permitted a bidder to procure Raw Materials, Components, Sub-Assemblies etc. from the vendors of countries, which share land borders with India. Such vendors may not be required to register with the Competent Authority in India.

This exemption permitting import of Raw Materials, Components, Sub-Assemblies etc. should be read in conjunction with the MoP Order on Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of Power Sector, dated 28<sup>th</sup> July 2020 (and subsequent Orders on this subject), which lists items under Annexure – I, in which India has sufficient manufacturing capacities.

We also enclose “**List M**”, covering items produced by IEEMA members, which are used in electricity network, but are not covered under Annexure – I of the MoP Orders, dated 28th July 2020 or 17<sup>th</sup> September 2020. **We request that the items listed under Annexure – I of the Order, dated 28th July 2020 and the items mentioned in List M (enclosed with this letter) should not be allowed free imports into the country, without registration with the competent authority.**

2) IEEMA would like to draw your attention to the extracts of important provisions contained in DPIIT Order No. P- 45021/2/2017-PP (BE-II), dated 4th June, 2020.

'Local Content' means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent. '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 said Order. 'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content more than 20% but less than 50%, as defined under this Order. '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 Order.



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We would suggest that this clarification/ definition be part of the overall policy of procurement, and that the Ministry of Power issues a comprehensive Policy, containing all clarifications / circulars / policies of all concerned Ministries, to avoid gaps in interpretation and implementation by various states and well as bodies.

3) IEEMA also suggests that this policy should be made mandatory not only for CPSUs / PSUs, but also for the State PSUs/ Utilities and Private Utilities/ Developers, to make our country truly *Atmanirbhar*.

Further, some items are still being imported from countries which share land border with India, as given in "List Q" (the list is not comprehensive), even though, these are manufactured in countries, other than China. To support domestic industry and protect national security as envisaged in DOE order, it is important to find and encourage domestic manufacturing and alternative sources from countries, not sharing land borders with India such as, Taiwan, Malaysia, South Korea, Japan, Philippines, Russia, Canada, Europe and USA etc. Active help of Indian Missions in respective countries may be taken.

In view of the above, IEEMA requests the Ministry of Power to take up the matter with the Department of Expenditure, so that the original Orders of the Ministry of Power, dated 2nd July 2020, 28th July 2020 and 17th September 2020 and the Order of the Department of Expenditure, dated 23rd July 2020, are not inadvertently compromised or diluted by the clarification of Department of Expenditure, dated 8th February 2021.

Looking forward to kind consideration of our above recommendations.

Best regards,

Yours sincerely

Sunil Misra

**Shri Alok Kumar**  
**Secretary**  
**Ministry of Power**  
**Government of India**

Enclosures: As mentioned above