

No. P-45014/8/2022-BE-II
Government of India
Ministry of Commerce and Industry
Department for Promotion for Industry and Internal Trade
(Public Procurement Section)

Vanijya Bhawan, New Delhi
Dated: 07th July, 2026

To

All Procuring Entities as per India- UK CETA, Annexure 15A Government Procurement (Schedule of India)

ORDER

Subject: Applicability of Class-II local supplier status to suppliers of the United Kingdom under India-UK Comprehensive Economic and Trade Agreement (CETA) in conjunction with Public Procurement (Preference to Make in India) Order, 2017 –reg.

Whereas the Department for Promotion of Industry and Internal Trade (DPIIT) has issued the Public Procurement (Preference to Make in India) Order, 2017 (as amended from time to time) to encourage domestic manufacturing and promote local value addition; and

Whereas Article 15.4 (paragraphs 8 and 9) of the Government Procurement Chapter of the India-United Kingdom Comprehensive Economic and Trade Agreement (CETA) provides that India and its procuring entities may apply the PPP-MII Order while treating suppliers of the United Kingdom as 'Class-II local suppliers', subject to specified conditions.

Now, therefore, in order to operationalize the above provisions and to enable implementation of the India-UK CETA in conjunction with the PPP-MII Order, 2017, the following Order is issued:

1. Short Title and Applicability

This Order shall be called the **Public Procurement (Applicability to suppliers of the United Kingdom) Order, 2026** and shall be read in conjunction with the Public Procurement (Preference to Make in India) Order, 2017 (as amended from time to time).

This Order shall apply to covered procurements (as defined in the Article 15.2 of India-UK CETA) undertaken by procuring entities listed in Annex 15A (Government Procurement Schedule – Schedule of India) of the India-UK CETA and shall be subject to the thresholds specified therein.

2. Treatment of Suppliers of the United Kingdom

A supplier offering goods, services or works having country of origin as the United Kingdom shall be treated as a Class-II local supplier under the PPP-MII Order, 2017, provided that the goods, services or works meet the minimum local content prescribed for Class-II local suppliers under this Order.

3. Definition of Local Content for United Kingdom Suppliers: for the purpose of this Order:

'Local content' means the amount of value added in the United Kingdom, 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, expressed as a percentage.

The above definition of 'local content' is applicable to goods, services and works.

Explanatory notes for calculations of local content given above

- a. Imported items sourced locally from resellers/distributors in UK shall be excluded from calculation of local content.
- b. The license fees/royalties paid/technical charges paid out of United Kingdom shall be excluded from local content calculation.
- c. Procurement/Supply of repackaged/refurbished/rebranded imported products shall be treated as reselling of imported products and shall be excluded from calculation of local content. The definition of repackaged/refurbished/rebranded imported products is as follows:

'Refurbishing means repair or reconditioning of an imported product, and does not amount to manufacture because no new goods come into existence.

'Repackaging means repacking of imported goods from bulk pack to smaller packs, and would not ordinarily amount to manufacture of a new item.

'Rebranding means relabeling or renaming or change in symbol or logo/makes or corporate image of a company/organization/firm for an imported product, and would amount to rebranding.

d. To ensure that imported items sourced locally through resellers/distributors are excluded from the calculation of local content, procuring entities shall obtain from bidders the cost of such locally sourced imported items (inclusive of taxes), along with a detailed break-up of license/royalty payments, technical expertise costs, etc., incurred outside United Kingdom. For items supplied by the bidder as a reseller, an OEM certificate indicating the country of origin shall also be submitted.

e. For contracts involving supply of multiple items, weighted average of all items to be taken while calculating the local content.

'L1' 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.

'Nodal Ministry' means the Ministry or Department identified pursuant to PPP-MII order in respect of a particular item of goods or services or works.

'Procuring entity' means entities covered under Annex 15A Government Procurement Schedules (Schedule of India) of the India-United Kingdom CETA.]

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

4. Minimum Local Content Requirement

Unless otherwise prescribed by the Nodal Ministry under the PPP-MII Order, suppliers of the United Kingdom shall be eligible for classification as Class-II local suppliers where the local content in the United Kingdom is not less than 20% or such higher percentage as prescribed by the relevant Nodal Ministry.

5. Determination of Country of Origin

For availing Class-II local supplier status under this Order, the country of origin of goods or services shall be determined in accordance with the Rules of Origin prescribed under the India-UK CETA. The bidder shall furnish a certificate of origin issued by the designated authority in the United Kingdom.

6. Verification of Local Content

- a. The Class-II local supplier of UK at the time of tender, bidding or solicitation shall be required to indicate percentage of local content added in UK and provide self-certification that the item offered meets the local content requirement for 'Class-II local supplier'. They shall also give details of the location(s) at which the local value addition is made.
- b. In cases of procurement for a value more than Rs. 10 crores, the Class-II local supplier of UK 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 suppliers other than companies) giving the percentage of local content.
- c. The bidder shall give self-certification for local content in the quoted item (goods/works/services) at the time of tendering. However, at the time of execution of the project, for all contracts above INR 10 crores, the contractor/supplier of UK shall be required to give local content certification duly certified by cost/ chartered accountant in practice. For cases where it is not possible to provide certification by Cost/Chartered Accountant at the time of execution of project, the supplier shall be permitted to provide the certificate for local content from Cost/Chartered Accountant after completion of the contract, within time limit acceptable to the procuring entity. In case the contractor/supplier does not meet the stipulated local content requirement and the category of the supplier changes from Class-II to Non-local, a penalty upto 10% of the contract value may be imposed. However, contract once awarded shall not be terminated on this account.
- d. Decisions on complaints relating to implementation of the Government of India PPP-MII Order, 2017 (as amended from time to time) shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
- e. Nodal Ministries 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.
- f. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- g. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules issued by Government of India 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.

- h. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under below.
- i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Government of India Ministry/Department or in some other manner.
- j. On a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s).
- k. 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 procurement are not disrupted.

7. Specification in Tender Documents

The status of suppliers of the United Kingdom as Class-II local suppliers and the applicable minimum local content shall be specified in the tender documents and shall not be varied during the procurement process.

8. Applicability of PPP-MII Order

All other provisions relating to preference, eligibility, verification, complaints, debarment and administrative oversight shall continue to be governed by the Public Procurement (Preference to Make in India) Order, 2017 (as amended from time to time).

9.Ministries having existing policies: Where any Ministries/Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this order.

10. Transitional Provision

This Order shall not apply to tenders where Notice Inviting Tender or other procurement solicitation has been issued prior to the date of issuance of this Order.

11. Overriding Effect

This Order shall be read with the PPP-MII Order, 2017 and shall not affect the right of Government of India to amend or modify the PPP-MII Order, provided treatment to suppliers of the United Kingdom remains consistent with the India-UK CETA obligations.



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