



Cabinet approves Policy to provide Purchase Preference (linked with Local Content (PP-LC) in all Public Sector Undertakings under Ministry of Petroleum & Natural Gas

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval for Policy to provide Purchase Preference (linked with Local Content (PP-LC) in all Public Sector Undertakings under Ministry of Petroleum & Natural Gas.

The Policy will be applicable for five years. A steering committee will be constituted to oversee implementation of the Policy and carry out annual review and recommend continuation of the policy from year to year basis.

Under the Policy, the targets of Local Content (LC) will be stipulated for certain oil and gas business activities. The manufacturers/ service providers who meet the local content targets and whose quoted price is within 10% of the lowest valid price bid would be eligible for purchase preference for a stipulated portion of the purchase order on matching such price.

The Policy is expected to encourage suppliers and service providers to progressively adopt 'Make in India' practices and add value to their goods and services within the country.

The Policy will apply to all the Public Sector Enterprises and their wholly owned subsidiaries, Joint Ventures that have 51% or more equity by one or more Public Sector Enterprises, attached and subordinate offices of Ministry of Petroleum and Natural Gas.

Background:

The 'Make in India' initiative was launched by Prime Minister in September, 2014 as part of a wider set of nation-building initiatives devised to transform India into a global design and manufacturing hub. In tune with this campaign, the Government has decided to incentivize the growth in local content in goods and services while implementing oil and gas projects in India through a policy for providing Purchase Preference to the manufacturers/ service providers who meet the local content targets in oil and gas business activities.

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