

**Discussion Points Tech Clinic Webinar Series**

**30th June 2020 3:00 to 4:00 PM**

**Understanding preference for Make in India procurement norms for Smart cities ICT projects**

The 'Make in India' initiative was launched as part of India's boost to domestic design and manufacturing capabilities. In recent times, with the onset of Covid19, 'make in India' initiatives are gaining prominence to make the country self-reliant. The policy has been designed to improve investments in domestic firms and industries, foster innovation, improve skills of workers and enhance the repository of Intellectual Property (IP) in the country.

**No. of attendees:** 104

**Speakers**

1. Mr. Rahul Kapoor – Director, Smart Cities Mission
2. Dr. Garima Mittal- CEO, Faridabad Smart City Limited
3. Shri Gyanendra Singh- CEO, Saharanpur Smart City Limited
4. Shri Prashant Dhanda- CEO, Guwahati Smart City Limited

**Session Moderator:**

Mr. Rahul Singh- TASC Team, Smart Cities Mission

| <b>Name of Speaker</b> | <b>Key Points</b>   |
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| Mr. Rahul Kapoor       | <ul style="list-style-type: none"><li>● Mr. Rahul Kapoor opened the session with a small brief on the Make in India initiative started by government in 2014</li><li>● Aligned Make in India initiative with the Atmanirbhar philosophy of our Honorable Prime Minister, to promote local manufacturing in India.</li><li>● Shed some light on the deterrents impeding the speed of Make in India initiative from the perspective of the market forces and the local manufacturers.</li><li>● Mentioned that information asymmetry is the major concern for smart cities and how work is being done to eradicate it.</li><li>● Highlighted that MoHUA does procurement of items mentioned in the list prepared by it indigenously and could not do similar for Smart cities since it is not the nodal authority for procurement there.</li><li>● Brought to notice that tenders worth less than 200 crores cannot be global tenders in smart cities and Make in India preference clause will have to be incorporated in the tender.</li></ul> |

## Audience Q&A

| Paraphrased Questions from Audience  | Directed to      | Paraphrased Response   |
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| How the Make in India policy envisaged for the implementation in various government procurements?  | Mr. Padam Vijay  | <ul style="list-style-type: none"> <li>• Idea of Make in India is to provide benefit to manufacturers in India and promote creativity and economy of scale.</li> <li>• The manufacturing capability should be able to fulfill large scale requirement of India infrastructure projects</li> </ul>  |
| What are the purchase preferences for those Indian manufacturers providing hardware items and software licenses/services to the end customers through Master System Integrators ( and not selling the directly)?   | Mr. Rahul Singh  | <ul style="list-style-type: none"> <li>• Local content can be increased through partnerships, cooperation with local companies, establishing production units or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training.</li> <li>• When it comes to purchase preferences, all has to go through Master system integrated through joint venture modes or subcontracting mode</li> </ul>   |
| What are the options with the Indian manufacturers to seek help for the unjust RFP specifications which are biased towards foreign OEMs when better technology is available through Indian OEMs? Does the government have any redressal mechanism for such concerns? | Mr. Rahul Kapoor | <ul style="list-style-type: none"> <li>• If there is updated Grievance Redressal Mechanism which escalates at appropriate level, then most of these queries can be handled timely and government functionaries won't have to bear the brunt.</li> <li>• Shed some light on the first stage of tender process i.e. Pre-bid meeting and suggested that the OEMs and master system integrators should be invited there for better grievance redressal.</li> <li>• Mentioned Escalation mechanism for tackling grievances not solved in first stage.</li> <li>• Mentioned that the grievances are tried to be tackled at city levels and for centre level interference it has to be registered on online portal</li> </ul> |
| Most of the Indian manufacturer who are making products like   | Mr. Rahul Singh  | <ul style="list-style-type: none"> <li>• Assembling in India will definitely qualify as per the local content guidelines of DPIIT.</li> </ul>  |

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| camera, NVR, display solutions etc. in India, are importing components from other countries and assembling in India. Does it qualify under “Make in India” or there is some clause which is applicable on product component level too? Please clarify.                               |                   |   |
| As per our understanding foreign companies registered in India through their subsidiary company also qualify for “Make in India” Please clarify and confirm.   | Dr. Garima Mittal | <ul style="list-style-type: none"> <li>• Being a subsidiary doesn’t qualify a company for “Make in India” but the local content.</li> <li>• Amount of local content. has been increased to 50% as per the guidelines.</li> <li>• Local content percentage should be right as per the guidelines.</li> </ul>   |
| Any Foreign entity registered in India and fulfill the conditions of local content conditions of Make in India?  | Mr. Rahul Singh   | <ul style="list-style-type: none"> <li>• The local content quantity should be according to the guidelines.</li> </ul>   |
| What is the definition of Make in India product? Many products like Servers, Storage and high-end computing and networking hardware, which are not manufactured in India but sold in India by Indian entities in INR. We hope this also qualify under make in India. Please clarify. | Mr. Rahul Kapoor  | <ul style="list-style-type: none"> <li>• Many Chinese smartphone companies in India are assembling the devices and under the new guidelines, they have been classified as Class 1 Supplier (local content more than 50%) and class 2 supplier (local content between 20-50%).</li> <li>• There are different specifications for different sectors issued by respective ministries.</li> </ul> |
| Does Make in India give special treatment to Start Ups in India?   | Mr. Rahul Kapoor  | <ul style="list-style-type: none"> <li>• There are various relaxations given to start Ups such as purchase preference as laid down through guidelines by DPIIT.</li> <li>• States have come up with their own policies to promote Start Ups.</li> </ul>   |
| As a MSI it is our responsibility to not only deliver the products but   | Mr. Padam Vijay   | <ul style="list-style-type: none"> <li>• When a MSI is bidding for a project, they have to take in consideration the risks and its implications because</li> </ul>  |

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| <p>manage the project for 5-7 years and due to conformity of Make in India clause if we are compelled to choose a product which does not perform as per project requirements or being sold by start up the company stops its operations then who will be held responsible for its service and support.</p> |                            | <p>these are large projects and complex in nature. Moreover, these projects run into many years.</p> <ul style="list-style-type: none"> <li>• It is applicable to any supplier not based out of India also. Even applicable to partners also.</li> <li>• Flexibility is given to the MSIs to choose partners during bidding.</li> </ul>   |
| <p>Are we discerning Chinese investment and excluding them?</p>  | <p>Mr. Rahul Kapoor</p>    | <ul style="list-style-type: none"> <li>• No guidelines issued by the government with regard to the procurements due to WTO affiliation and others guidelines.</li> </ul>  |
| <p>What has been the position of Faridabad smart city in large ICCC contracts?</p>   | <p>Dr. Garima Mittal</p>   | <ul style="list-style-type: none"> <li>• They have a clause of Quality 70% and cost 30%.</li> <li>• For ICCC contract, the consortium should be registered under Company Act and legal entity for 5 years.</li> <li>• The consortium partner should do business in India for at least 5 years.</li> <li>• The sole bidder of the consortium should have implemented traffic signal projects with the supply and installation of signal lights, traffic controls and control centers involving 40 intersections in India for the last 5 years as on 2017 and various others laid down under the guidelines.</li> </ul> |
| <p>Should foreign certifications in bids in ICCC be encouraged?</p>  | <p>Mr. Gyanendra Singh</p> | <ul style="list-style-type: none"> <li>• Provide more opportunity and support to local companies in Saharanpur Smart city.</li> <li>• Foreign certifications are required when there is not equivalent certification in India.</li> </ul>   |
| <p>These guidelines are issued in early June, what about the tenders which are under evaluation. Will they also have to retrospectively comply?</p>  | <p>Mr. Rahul Kapoor</p>    | <ul style="list-style-type: none"> <li>• When a government guideline comes, it is with prospective effect unless mentioned.</li> <li>• If a tender has been finalized then they will be based on earlier guidelines.</li> </ul>   |
| <p>What if the software like</p>   | <p>Mr. Rahul</p>           | <ul style="list-style-type: none"> <li>• Under the guidelines by DPIIT,</li> </ul>  |

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| <p>OS, Database if product license if imported but its implementation and O&amp;M is locally managed. will the value of local content implementation and O&amp;M should be considered as make in India</p> | <p>Kapoor</p> | <p>components have been classified as Divisible and Non-divisible with respect to implementation.</p> <ul style="list-style-type: none"><li>• Non-divisible contract like in case of ICC, they are dealt differently with respect to divisible contracts.</li><li>• If technology is transferred from outside India and used in local components then also it qualifies for Make in India</li></ul> |
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