



Ministry of Housing and Urban Affairs
Smart Cities Mission

Advisory No. 18

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Implementation of Pan city ICT solutions/Integrated Command and Control Centers (ICCCs) in Smart Cities.

Cities under the Smart Cities Mission (SCM) have undertaken several initiatives in the effort to make their cities 'smart'. Many of the projects being undertaken by the cities include technology interventions under ICT solutions that seek to create a digital layer in urban governance. In order to streamline the process of implementation of technology intensive projects that emphasize the use of IT and ICT solutions, the Mission had earlier issued Advisory no 02 & 07 and OM dated 03rd April, 2018, advising cities on aspects that need to be considered while framing the Bid Documents for such technology projects.

2. In order to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Department for Promotion of Industry, and Internal Trade (DPIIT) has notified the Public Procurement (Preference to Make In India), Order 2017 (PPP-MII) on 15th June 2017, which has recently been amended vide DPIIT order No. P-45021/2/2017-PP(BE-II) Dated 4th June, 2020.

3. The Mission has been reiterating the importance of 'Make in India' initiative to the cities, wherein for projects funded by the Central Government, Smart Cities SPVs have been advised to ensure adequate competition and provision of level playing field in the procurement / tendering process for domestic players without any discrimination. Accordingly, cities have been advised to insert necessary provisions in the tender documents regarding compliance with PPP-MII provisions for such projects.

4. However, it is seen that complaints of domestic manufacturers / suppliers are being received through DPIIT/ Department of Telecommunications (DoT) and by this Ministry regarding violation of the provisions of PPP-MII Orders in tenders floated by Smart City SPVs. A significant number of these complaints are related to ICCC projects wherein RFPs issued by Smart Cities SPVs contain clauses that limit such provisions and work against

providing a level playing and creating a conducive environment for bidders, especially Indian manufacturers.

5. Some of the complaints received by the Mission are listed below:

- i. Provisions of PPP-MII are not being followed in spirit by the cities. Even in Bid Documents where the applicability of PPP-MII is mentioned as a broad statement, the sub-clauses of the tenders restrict their applicability. Regular complaints have been made to DPIIT, Department of Telecommunications (DoT), Ministry of Housing and Urban Affairs (MoHUA) and concerned smart cities, by the Indian Manufacturers affected by these restrictive provisions.
- ii. Restricting Industry Participation- It has been observed that certain technical eligibility conditions as well as product specifications are being included in Bid Documents to restrict participation, to the disadvantage of Indian Manufacturers. This may lead to cartelization by the Bidders and higher project costs for the city.
- iii. Many of the Bid Documents prescribe qualifying criteria specifying the Original Equipment Manufacturer (OEM) / Master Systems Integrator (MSI) in multiple sections of the Bid Document (including in technical specifications) in a fragmented manner leading to ambiguity and conflicts.
- iv. There is no provision in Bids that give relaxation / support to encourage start-ups and MSMEs, thereby depriving the development of wider vendor base.
- v. Restrictive OEM clause- In some cities, the Bid Document specifies procurement of multiple products from a single source OEM.
- vi. Restricting acceptance of certification from Indian Certifying bodies/institutions- In many cases, the Bid Documents require certification from International certification organisations, to which many of the Indian Manufacturers have limited access to.
- vii. Technical evaluation process (QCBS method of selection)- At times, the evaluation methodology under Quality-cum-Cost Based Selection process is not properly defined, giving marks to bidders in a granular fashion. This may lead to bias and undue benefits to certain Bidders.

6. In the above background, it is advised that the following points may be taken into consideration while framing the Bid Documents for Smart Cities Projects that include implementation of Pan City ICT solutions / ICCC in Smart Cities.

- i. Bid Documents may include a provision for applicability of Government of India directives under PPP-MII for projects covered under the scope of the same. It should be ensured that clauses in any part/section of the Bid Document, including Bill of Quantity (BOQ) and specifications, should be in consonance with PPP-MII.
- ii. No global tenders may be invited by the Smart City SPVs if the value of procurement of goods and services is less than Rs. 200 crore. Further, any bid condition that is arbitrary, excessively restrictive, or discriminative towards the participation of Indian manufacturers should be avoided. These may, *inter alia*, include:
 - a) Qualification criteria requiring performance in countries outside India.
 - b) Over prescription of requirement for technical and financial eligibility credentials *vis-à-vis* the nature, scope and value of bid.
 - c) Restricting the participating to Bidders who are listed with non-government global certification entities *vis.* Gartner /IDC/ Navigant/ Forrester/ IHS and others..
 - d) Mandatory clauses requiring certifications from global certifying bodies only and not accepting Indian certifications.
- iii. While framing the technical specification and BOQ, references to a particular make / brand / technology / system that is unique or proprietary to a single source should be avoided.
- iv. The technical/financial eligibility criteria in the RFP should be in alignment with project objectives, project value and skill set requirements for efficient and effective operations of the system, and should avoid over-specifying the same.
- v. Smart City SPVs may specify functional requirement to provide level playing field and equal opportunities to prospective Bidders. The system should be based on city-specific use-cases and relevant KPIs
- vi. A reasonable methodology should be arrived at for defining experience / credentials of the Bidder/OEM *vis.* specifying experience of implementation of minimum quantity of works (as per Bid requirements) in similar projects.
- vii. As far as possible, the evaluation criteria should be objective, tangible and supported by a documentary evidence. There should be minimal scope for subjectivity in calculation of scores while evaluating the credentials.

- viii. Framing of Bid Documents and Invitation of Bids should be as per Model Bid Documents issued by Central Government / State Government departments, as updated from time to time.
 - ix. Reasonable opportunity should be given to all prospective Bidders by inviting them for pre-Bid discussions and addressing their queries through timely addendum / corrigendum in the Bid Document.
 - x. In order to promote Startups / MSMEs, Smart City SPVs may consider reserving certain value of procurement of goods and services through such firms. Necessary relaxations in qualifying criteria, requirement of Earnest Money Deposit in Bids, and other provisions prescribed by Central Government / State Government for promotion of such entities may be considered while framing the Bid Document.
7. Deviation from the above points, having a material effect on the Bidding process, to the extent of being restrictive or discriminative to Indian manufacturers in view of PPP-MII, may be done only after taking prior approval of this Ministry. Proposals for such deviation should be routed through the Head of Department (Additional Secretary / Principal Secretary / Secretary) in the controlling Ministry of the State Government.
