

White Paper on Market Access

Public Procurement (Make in India) Policy, PPP MII is an excellent policy and has the potential to resurrect the domestic manufacturing industry.

Following support is required to ensure ground level implementation:

1. **Issue Frequently Asked Questions (FAQ) response document** for smooth implementation & interpretation of the policy in the desired spirit. FAQ has been reviewed by DOT but its pending to be published on website. FAQ was based on decisions, viewpoint and judgments taken in grievance redressal committee meetings at DOT / DPIIT. This paper must bring clarity on the following
 - Applicability methodology on Turnkey projects (big Govt buy) that includes large amount of civil work: Insistence that SI / EPC contractors must purchase at least 3a items where DOT has confirmed that capacity and competence exists in the country.
 - Imported proprietary (in contrast to standard computing platforms) hardware with peripheral software like” billing” or configuring or NMS or integration cannot be shown as DVA. Similarly Profit, AMC, Installation cannot not be part of DVA.
 - Policy circumvention in the name of up-gradation or additional licensees for old systems (even 10–15-year-old systems) must be addressed considering spirit of the policy.
 - Circumvention of policy in the garb of Inter-operability with old proprietary products.
2. **Restart the grievance re-addressal meetings** as was the case before Corona. This would address several industry concerns and Govt buyers get sensitized.
3. As in the 2017 policy of DOT, **Insist on compliance to TEC specifications in all tenders for Telecom products.** Tenders must ask for TEC protocols and standards defined for any inter-operability with third party devices or for meeting any functional requirements. This is important because frivolous specifications or functional requirements are inserted to circumvent the system. Customers may get TEC specs revised / upgraded after public consultation which provides time to the industry to adapt & update. Such proactive mechanism will safeguard against Indian industry being put in “chasing mode” for every tender.
4. **Enhance the list of items under 3a to include all items manufactured locally.** There is a list of 61 items that were submitted and is now part of updated Public Procurement Notification as being submitted in parallel. These products are manufactured in India and must be supported.
5. Myth that 60% domestic VA is not possible must be broken since balance sheets of most big companies will show raw material consumption in manufacturing process being less than 50% of the

sale value. They operate at more than 50% Gross contribution otherwise they wouldn't even meet their expenses. If total raw material for them is 50% then active components and ICs cannot be more than 25% of the sale price so the myth that domestic VA cannot be 60% till semiconductor fabs are set up need to be busted in the mind of decision makers.

6. Domestic Value Addition (VA) should be enhanced from the VA percentage specified in 2017 policy of DOT. Sufficient manufacturers were meeting those criterion & competing for the tenders. As a community we cannot make retrograde claims on VA percentage. Telecom products are security sensitive and unlike consumer electronics design and IPR component is high which must be given high weight age. Design and designing is the cornerstone to ensure absorption of technology in the country and to ensure downstream ecosystem for industrialization and employment generation in India.

7. Portals like GEM to be more sensitive to VA percentage declared by sellers.

- They allow foreign products showing 21% VA without proper verification. May be profit or installation or AMC is shown as DVA. Many of the imported products are declared as Class I by the bidders.
- Tenders insist on all products from one OEM. Indian SME's may not have all the subsystems required for a project hence is left out.
- None of the procuring agency follow a protocol to get waiver from Standing committee or Secretary Coordination as per DPIIT guidelines to get Make in India policy exemption. Many of the PAC RFP/tenders are there on GEM wherein foreign Make and models has been sought even if equivalent domestic products are available. GEM should not allow publishing of such a product even if overall Value Addition is met.

8. Enlarge the scope of the policy to Include

- State Governments purchases.
- Purchases by Telecom operators.
- World bank funded projects at least for 3a products
- Indian projects undertaken in other countries against LOC or Grant in Aid.

9. Implementation agencies responsible for ensuring policy compliance should be given more teeth to ensure punitive action against defaulters both at buyer end as well as sellers making wrong declarations. Situations exist where buyers ignored the directions of the standing committee meeting responsible for implementation of PPP MII order.

10. Enforcement and surveillance of Govt Initiatives like MTCTE and Trusted Sources at ground level

- MTCTE phase 1 and phase 2 has been implemented since more than a year and now phase 3 and phase 4 has been announced. Still, many of the products for which MTCTE is not available or are kept in abeyance are being imported, implemented by many of the TSP/ISP or traders. There are companies who have spent lot of effort, time, and money to get their equipment certified, unless MTCTE surveillance is enforced at ground level implementation of non-trusted inferior/second-hand products will continue.
- Trusted Source is a good initiative by Govt of India to ensure only secure products are being implemented by Indian TSP and ISP as soon as the agency starts giving clearances for the source/products, the enforcement of the same is must.