



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

MR. JAIDEEP

Officer on Special Duty (Urban Transport) Ministry of Housing and Urban Affairs, Government of India



Mr. Jaideep belongs to Indian Railway Service of Electrical Engineers (IRSEE). Currently, he is working as Officer on Special Duty (Urban Transport), M/o Housing and Urban Affairs (MoHUA) since November, 2019.

Prior to joining the MoHUA, he has worked on several important assignments in Indian Railways related with train operations, maintenance of rolling stock & traction distribution systems, rolling stock manufacturing, IT system etc.



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA

MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

MR. MUKUND KUMAR SINHA

**Senior Transport Specialist,
Asian Development Bank (ADB)**

*(currently on external assignment to KfW,
Development Bank, Frankfurt)*



Mukund is currently on external assignment from ADB to KfW. He supports bank's lending in the urban development, mobility, and climate change sectors in South Asia.

Earlier, as OSD & Joint Secretary (Urban Transport) from 2013-19, in the Ministry of Housing and Urban Affairs, he **drafted the Metro Rail Policy, 2017 and TOD policy, 2017** for the government. Prior to this assignment, he was Director - Planning in the Ministry of Railways.

A 1988 batch of the Special Class Railway Apprentice of India, alumnus of the London School of Economics, Mukund also holds MBA from MDI, Gurgaon, postgraduate diploma in public policy from IIM, Bangalore, India, and a PhD from IIT, Delhi.



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

MR. VINEET ABHISHEK

Chief Public Relations Officer, Western Railway



Mr. Vineet Abhishek is an Indian Railway Traffic Service Officer of 2011 batch. Currently he is posted as the Chief Public Relations Officer - Western Railway, and based out of Mumbai. Previously he was the commercial in-charge of Mumbai Central Division of Western Railway, and was responsible for all aspects of revenue generation (passenger ticketing, freight, rail station premises, non-fare) amounting to USD 482.0 million for FY 2023-24. Since 2011, he has been involved with various aspects of train operations and project planning in Western Railway.

Before August 2023, as a JN Tata fellow, Mr. Vineet completed his two-year Master of City Planning course (2021-23) at the Massachusetts Institute of Technology (MIT). During 2019-20 Vineet was at the Department of Urban Planning, Massachusetts Institute of Technology (MIT) as a Hubert H. Humphrey Fulbright fellow.

Apart from India, Vineet has first-hand experience of working with transit and government agencies in Brazil, US and in East African cities of Addis Ababa and Nairobi on various projects funded by MIT.



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

HARMONISING MAKE IN INDIA AND MULTILATERAL/ BILATERAL FUNDING

VINEET ABHISHEK

**CHIEF PERSONAL RELATION OFFICER,
WESTERN RAILWAY, MINISTRY OF
RAILWAYS, GOVERNMENT OF INDIA**

17th Urban Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions

Public Procurement (Preference to Make in India) Order

- Make in India initiative was launched in 2014
- Public Procurement order Issued by Government of India in 2017 and amended time to time and in 2020.
- Important definitions
 - **Local content** means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured minus the value of the imported content as proportion of the total value, in percent.
 - **Local Supplier (Class I or II)** means a supplier or service provider, whose goods, services or works offered for procurement meets the minimum local content as prescribed.

PURCHASE PREFERENCE

For global tenders where goods/ works is **not divisible in nature** (relevant to metro), Class 1 bidder is only relevant.

- Purchase preference 20% to (Class1) local supplier
- % minimum local content for (Class 1) local supplier as defined by MoHUA for metro components

Component	Minimum Local Content
Rolling Stock	60%
Telecom	50%
Signalling	50%
Civil Works	90% - elevated; 80% - underground
Electrical and Mechanical	60%
20% for Class II local Supplier	

PURCHASE PREFERENCE MODALITY

Margin of Purchase Preference - 20% to Class 1 local supplier

- If L1 is the Class 1 local supplier, full quantity will be awarded to L1
- If L1 is not a local supplier, then the next lowest local bidder falling within the *Margin of purchase preference* will be awarded the full quantity subject to matching the L1 price.
- Certificates for local content to be provided by the bidder
- Nodal Ministry responsible for verifying the local content.



Thank you



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

DR. KLAUS LIEBIG

Head of Division, Climate Finance and Mobility South Asia, KfW Development Bank



Dr. Klaus Liebig currently heads KfW's "Climate Finance and Mobility in South Asia" team, overseeing all public transport projects in India (co-)financed by KfW.

Klaus joined KfW in 2009. He has occupied different positions in KfW Development Bank, starting as project manager in the East Africa Department and as regional economist for South America. Between 2015 and 2019, Klaus headed KfW's office in Nairobi / Kenya. Afterwards, he led the team for environmental and social sustainability in Europe and Asia.

Before joining KfW, Klaus worked as a lecturer at the German Development Institute specializing in International Trade and Finance. He completed his PhD thesis in economics at the University of Goettingen on the International Regulation of Intellectual Property Rights and its Effects on Developing Countries



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

HARMONIZING MAKE IN INDIA AND BILATERAL/ MULTILATERAL FUNDING

DR. KLAUS LEIBIG
HEAD, CLIMATE FINANCE AND
MOBILITY, SOUTH ASIA, KFW

17th Urban Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions

KfW AND DEVELOPMENT COOPERATION

Germany's Development Policy provides answers to global issues of the future

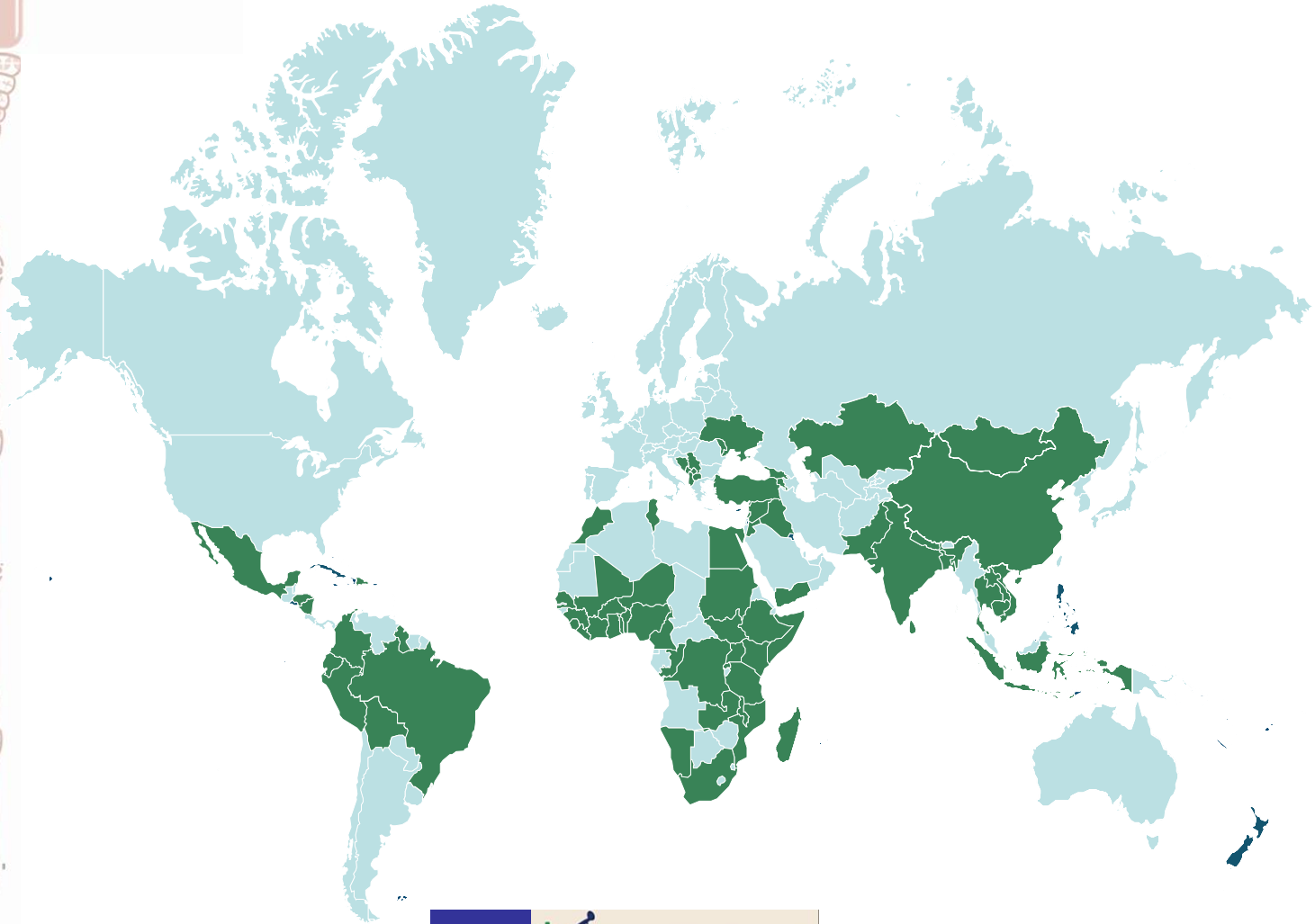
Seventeen SDGs of the UN shape the cooperation guidelines.

- Goal 9.B - Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

KfW's operation is performed under the guidance of the Federal Ministry of Economic Cooperation and Development of Germany which is the nodal ministry for international economic cooperation.

KfW and GIZ which are the implementing agencies of the ministry have endeavored to create capacities and job opportunities in the countries of operation, which includes India.

PARTNER C OF KFW DEV



KFW'S PROCUREMENT GUIDELINES - ENABLING FRAMEWORK FOR BOOSTING LOCAL MANUFACTURING CAPACITY

2.4.11 Domestic Preference

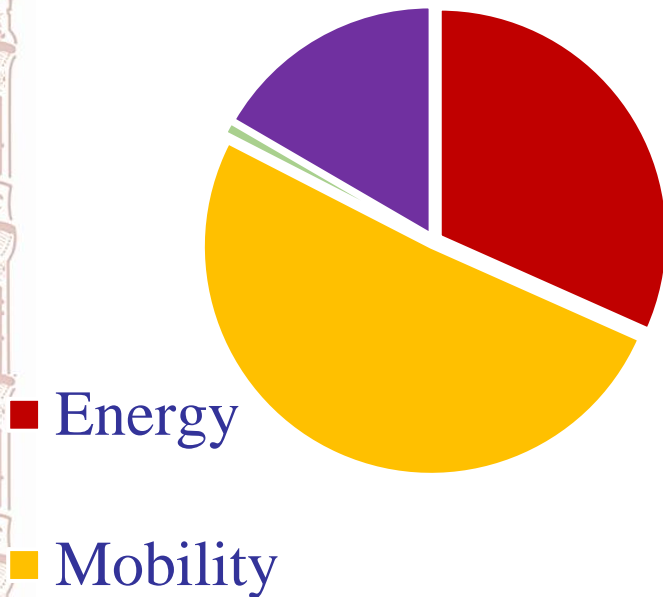
Margin shall not exceed 15 % of the import price excluding taxes in the case of procurement of Goods or 7.5 % of the price in the case of procurement of Works, subject to

- it is conducted in a fully transparent manner by applying a margin of preference for Goods produced locally, or for contractors for Works from the PEA's country, and that it is expressly provided for in the Tender Documents, and
- it shall not lead to a de facto exclusion of foreign competition.

Not Invoked by PEAs in India as yet

KFW'S ASSISTANCE TO MOBILITY PROJECTS IN INDIA

Share in Tender Packages - 2023



Mobility has the largest share among all sectors in terms of tender packages financed by KfW

It has been seen that domestic bidders have a substantial and majority share in overall packages funded by KfW in India

COMPARATIVE ADVANTAGE AND EXPORT PROMOTION

KfW supports projects in all developing countries and therefore it is imperative that the KfW's guidelines support equitable development in all.

The law of comparative advantage stresses the fact the most efficient growth for any country is the path which encourages trade in the items in which the countries have a comparative advantage in production respectively.



Thank you



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

MR. RAVI PERI

**Former Director, Transport Sector,
Asian Development Bank**



Mr. Ravi has over 30 years of experience in the infrastructure sector, both in the government and private sector. His experience and skill sets span a wide spectrum across the technical, financial, and management streams. Ravi started his professional career with the government in the prestigious Indian Railway Services for Engineers. During his career with Indian Railways, he had the opportunity to work on the Konkan Railway Project, a pathbreaking greenfield railway project of the country. From the government, Ravi moved to the private sector with national-level organizations that financed infrastructure through the private sector and public private partnerships in urban and transport sectors. In this capacity, he developed extensive experience in transaction structuring for transportation (roads, ports, airports, rail) and urban infrastructure (metro rail, water, solid waste management).

17th Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions



सत्यमेव जयते

Government of Gujarat



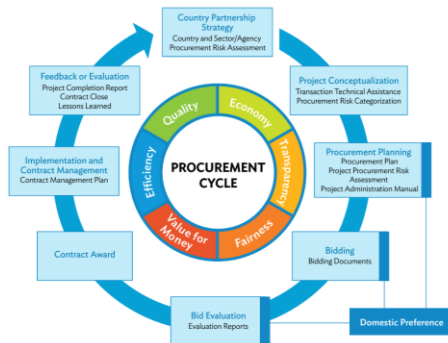
सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

HARMONISING MULTILATERAL AND BILATERAL FUNDING AND MAKE IN INDIA (MII)



Source: Asian Development Bank.

A MULTILATERAL PERSPECTIVE

17th Urban Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions

NOT MUCH OF UNIFORMITY... 1

“Harmonizing” is the right word 🤗!

1. Bilateral Organizations that need strong control on procurement, also clear path for their country's companies and investors
2. Bilateral Organizations that need strong control on procurement, but looking mainly at investment opportunity rather than downstream contracts
3. Multilateral Organizations that do not have much of procurement control, depending on “country systems” and presumably their constituents are okay if procurement practices could inhibit companies from their countries:
 1. Already have in-country contracting or manufacturing capacity and/or tie-ups
 2. Interested more in the investment rather than downstream contracts
4. Multilateral Organizations that have strong procurement policies and oversight

DOMESTIC PREFERENCE IN ADB

Domestic Preference

Is a way incorporate an advantage to domestic manufacturers. However, it is not a strict incorporation of “Make in India” equivalent.

- ADB applies domestic preference under projects that it finances with caution and only when such a preference scheme can be transparently and precisely applied within the tolerances described.
- This is due to the **inherent conflict** of domestic preference schemes with ADB’s core procurement principles of **economy** and **fairness**, combined with the absence of evidence and impact evaluation on these schemes.

PROCUREMENT IN GOI, GENERAL



MANUAL FOR PROCUREMENT OF GOODS

Second Edition, 2024



Government of India
Ministry of Finance
Department of Expenditure

9. Procurements financed by Loans/ Grants extended by International Funding Agencies:

- a) For projects funded by the World Bank, Asian Development Bank, and other International Funding Agencies (IFA), the Articles of Agreement, with the approval of the Ministry of Finance, stipulate either the Indian (or State) Government's own procurement procedures or IFA's specific procurement procedures to be followed by the borrowers.

3

- iv) For procurements financed by Loans/ Grants extended by International Agencies: The Articles of Agreement with the International Agencies like the World Bank, Asian Development Bank etc. stipulate specific procurement procedures to be followed by the borrowers. The procurement procedures, as finalized and incorporated in the Agreements after consideration and approval of the Ministry of Finance are to be followed accordingly.

MOCI REQUIREMENTS FOR MII

No. P-45021/2/2017-PP (BE-II)
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
(Public Procurement Section)

Udyog Bhawan, New Delhi
Dated: 16th September, 2020

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017– Revision; regarding.

Department for Promotion of Industry and Internal Trade, in partial modification [Paras 2, 3, 5, 10 & 13] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, Order No.P-45021/2/2017-B.E.-II dated 29.05.2019 and Order No.P-45021/2/2017-B.E.-II dated 04.06.2020, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' dated 16.09.2020 effective with immediate effect.

- ❖ Class-I (50%), Class-II (20%), Non-local. *Looks* somewhat like ADB on domestic procurement
- ❖ However, process involves extensive price matching...

IN CONCLUSION

- ❖ MII would *not be* in strict harmony with multilateral organization's procurement policies and oversight
- ❖ Past experience has been on a case-by-case basis – in some cases, since the loan agreements specified use of multilateral guidelines, those were followed in line with DoE stipulations
- ❖ Adapting multilateral “domestic preference” path did not work out on account of “price matching” issues
- ❖ In other cases, the multilateral support was taken on for works contracts and some systems, while the rolling stock was procured by agency's other funds...



Thank you



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

MR. KAVI PRAKASH

**COS, Delhi Metro Rail Corporation Ltd.,
New Delhi**



Mr. Kavi Prakash is an IRSS-1999 batch officer and presently working as Controller of Stores, being overall in charge of Goods procurement and Materials Management Function in DMRC. He did his B.Tech. in Mechanical Engineering from Harcourt Butler Technological Institute (HBTI) Kanpur in 1994 followed by M. Tech in Fluids Engineering from IIT Delhi. He started his professional career as an Engineer with ONGC and after a two years stint, he joined Indian Railway Stores Service in 2000. Since then, he has been associated with Material Management activities at Railways and worked in various capacities in Northern Railway, Railway Electrification, MCF/Rae Bareli, Eastern Railway with postings at different locations at New Delhi, Allahabad and Jamalpur. He has a rich experience in Purchase, warehousing and Scrap disposal (Auction) activities. He joined DMRC in 2016 and has taken absorption in DMRC in Oct'23. While heading the Goods procurement team at DMRC he has played a leading role in ensuring compliance of various Government directives in the Public Procurement fields like Make in India Order, Procurement through GeM, Land Border Policy, Technology transfer issues and the various directives on Waste Management etc.



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

HARMONISING MAKE IN INDIA AND MULTILATERAL/ BILATERAL FUNDING

KAVI PRAKASH

**CONTROLLER OF STORES
DELHI METRO RAIL
CORPORATION**

17th  Urban Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions

JICA TIED AND UNTIED LOANS

- All Metro Projects implemented by Delhi Metro Rail Corporation (DMRC) have been with untied conditions.
- Initial loans for Mumbai (Line 3), Bengaluru and Chennai have also been with JICA untied conditions.
- Lately the JICA loans offered for corporations other than DMRC have **Special Terms for Economic Partnership (STEP)** or tied conditions

SPECIAL TERMS FOR ECONOMIC PARTNERSHIP (STEP) OF JAPANESE ODA LOANS (BROADLY)

Eligibility

- For goods and services, the prime contractor shall be a Japanese Company (juridical person incorporated and registered in Japan), a JV of Japanese company being the lead partner or a subsidiary of a Japanese company.
- The JV can have the 2nd partner as an associate company of a Japanese company, which can be an (juridical) Indian company only in case no Japanese bidder identified and 1st bid is cancelled and there is only one bidder.
- For consulting services the prime contractor has to be a Japanese company or a JV with lead partner a Japanese and the 2nd partner either Japanese or (juridical) Indian national.

COUNTRY OF ORIGIN OF GOODS AND SERVICES PROCURED UNDER STEP LOANS

- Not less than 30% of the total price of contract(s) (excluding consulting services) shall be accounted for by either (i) goods from Japan and services provided by a Japanese company(ies), or (ii) goods from Japan only, depending on the nature of the project.
- For goods, the company can be located in Japan, or recipient country or a third developed/ developing country and should be substantially invested by Japanese company.
- The price of a major component(s) can be included in 30% regardless of the nationality of the company in the following cases: - (i) It is anticipated that there will be no or one potential bidder, before the bid. (ii) There is no bidder in the bid or the bid is cancelled and there is only one bidder.¹

COUNTRY OF ORIGIN OF GOODS AND SERVICES PROCURED UNDER STEP LOANS

- For services, the direct cost. Indirect cost and general administrative expenses can be considered as part of the ratio from Japan.
- Rolling Stock and System packages have to be considered in the STEP Loan. Civil engineering packages have to be from promotor's equity and loan.



Thank you



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर



MR. S. SIVAMATHAN

Director (Finance) & Chief Financial Officer (CFO), Bangalore Metro Rail Corporation Limited

Mr. Sivamathan has brought a wealth of experience to BMRCL. He also served as Director (Finance) & CFO at Maha-Metro (Nagpur and Pune) earlier. His expertise encompasses project finance, cost estimation, fare revision, financing models, financial concurrence, and financial closure.

Prior to this he was with DMRC, where he oversaw project finance, including the development of funding patterns for metro rail projects across India. He played a key role in project appraisal for JICA, facilitating ODA funding assistance through bilateral cooperation between the Government and JICA. In addition to his corporate roles prior to joining DMRC, Mr. Sivamathan is regularly invited to deliver lectures and training on Sustainable Urban Transport at NIFM (Faridabad), Railway Staff College (Vadodara), and IUT. Mr. Sivamathan holds a Commerce degree, an MBA, and is an Associate Member of the ICMA.



सत्यमेव जयते

Government of Gujarat



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS



एक कदम स्वच्छता की ओर

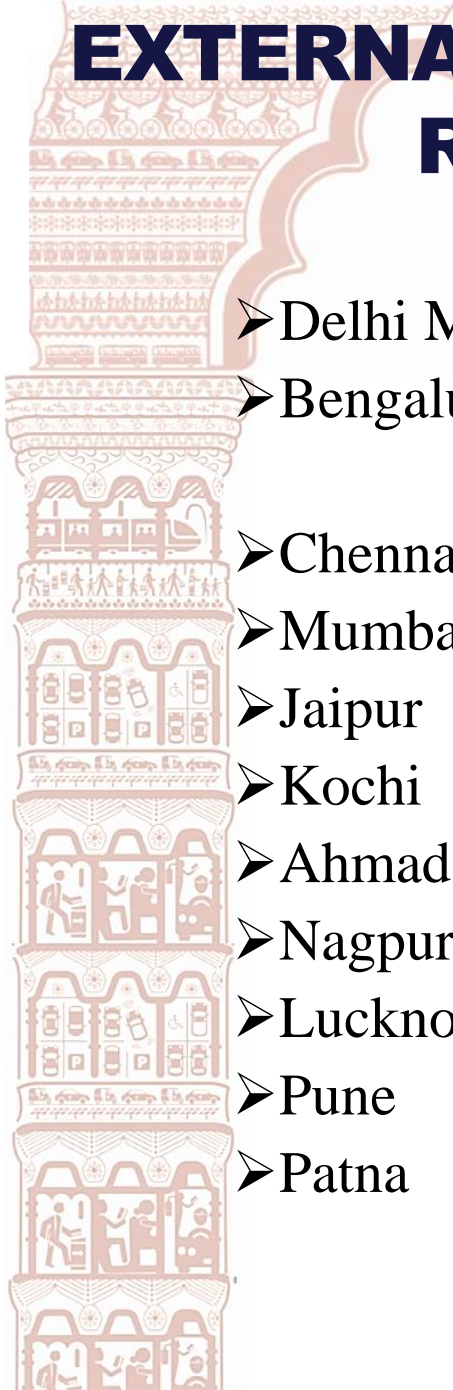
HARMONISING MAKE IN INDIA & MULTILATERAL/ BILATERAL FUNDING



S. SIVAMATHAN
DIRECTOR (FINANCE) & CFO
BANGALORE METRO RAIL
CORPORATION LIMITED

17th Urban Mobility India
Conference & Expo 2024
Standardization and Optimization
of Urban Transport Solutions

EXTERNAL FUNDING AGENCIES & METRO RAIL PROJECTS IN INDIA

- 
- Delhi Metro
 - JICA
 - Bengaluru
 - JICA, AFD, EIB, ADB, AIIB
 - Chennai
 - JICA, AIIB, ADB, NDB
 - Mumbai Metro
 - JICA, ADB
 - Jaipur
 - ADB
 - Kochi
 - AFD, AIIB
 - Ahmadabad & Surat
 - JICA, KfW, AFD
 - Nagpur
 - KfW & AFD
 - Lucknow, Kanpur & Agra
 - EIB
 - Pune
 - AFD & EIB
 - Patna
 - JICA

OBJECTIVES (WHY?) OF “MAKE IN INDIA (MII)” POLICY

- Development of indigenous capacity - achieve economies of scale
 - Metro Construction started in 90's however most of the components continued to be imported at high cost
- Reduction in capital cost of metro rail projects (on goods, works & services)
 - Hundreds of cities with teeming millions but scarce resources. All cities need to be catered to.
- Reduction in O&M cost over the life cycle of the project:
 - Indigenous capacity will reduce operation costs in terms reduced costs of spares and provision of efficient services over life cycle and metro projects have a very long life so substantial savings.

CHALLENGES IN PROJECTS FUNDED BY BILATERAL/MULTILATERAL AGENCIES

- 50 - 60% of the capex met through loan
- Some permit domestic preference for works and some for works and goods but none for consultancies
- The methodology domestic preference differs
 - Price matching with L1 is not allowed – leads to higher costs. L1 is sacrosanct and embedded in Indian procurement.
 - Consulting services are costlier and Indian agencies are mostly not allowed despite better competence and cost-effective quote.
- Delay in finalization of contract:
 - Though provisions of exemption from MII for externally funded projects exists the process entails delay.

CHALLENGES IN PROJECTS FUNDED BY BILATERAL/MULTILATERAL AGENCIES

- Complaints by local vendors:
 - Non-inclusion of MII leads to complaints from local vendors leading to further delay
- For STEP loan:
 - Higher costs
 - Limited vendors for many components
 - Excessive delays.
 - Approving single tenders prevalent in case of STEP is another big challenge

WAY FORWARD

- Keeping the requirement of creating a cost effective and quality manufacturing facility in India, Funding Agencies (FA) can make their domestic purchase preference clauses in line with MII.
- MII conditions do not prohibit foreign vendors from participating any of the ICB tenders funded by FA.
- MII encourage **bidders from foreign countries** to either source some materials & services (value addition) in India or to tie-up with Indian firms to comply with prescribed local content
- **There is not much difference in the conditions of domestic purchase preference of FA and MII.**
- FA may consider including works contracts & consultancy services at par with goods in the domestic preference guidelines



Thank You