



How to participate in public procurement in India?



Monday 10th May 2021
WEBINAR on Microsoft Teams




Welcome address





Baron Philippe Vlerick
Chairman Belgo-Indian Chamber of Commerce & Industry (BICC&I)





Introduction

Stefaan Vandeputte
M.D. Start²Bric





Start²Bric

Start²Bric offers the full range of **HR support** related to **hiring and employing people “abroad”**

- not only **select & recruit** your candidates
- also **contract** drafting, **payroll** set-up and “temporary **contract hosting**” if needed

This way

- we **facilitate** and **speed up** your start of employing people in India
- it gives you more **reflection time** before creating your own company structure to employ people in India

Therefore - as your HR partner abroad - our service is especially SME oriented



Stefaan Vandeputte
M.D. Start²Bric





DMH Business Advisors

Helping you to enter, grow and succeed in India

- Market research (market entry- and feasibility studies)
- Strategy development
- Due diligence
- Partner identification
- Representation services
- M&A and JV-services
- Government interaction



Rajiv Dhawan Director DMH
Amit Mittal Director DMH
Ignace Hindrick Director DMH





India - general market entry recommendations

Ignace Hindrick
Director DMH Business Advisors



India, a changing country



700 million smartphone users

India, a changing country



450 GW renewable energy by 2030

India, a changing country



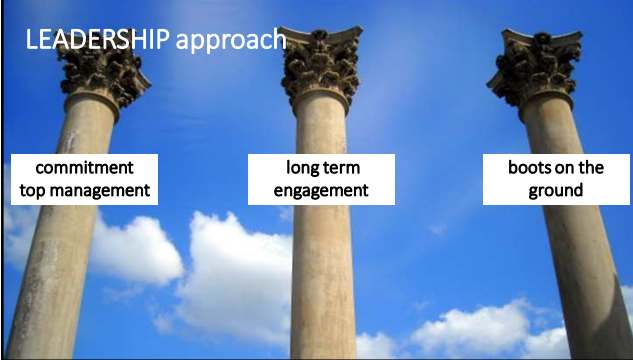
+100 airports for 1.1 bn flyers by 2040

Interesting sectors

- Aviation
- Renewable energy
- Electric cars
- Railways
- City development and infrastructure
- Logistics and warehousing
- Health care and pharma
- Food processing and -packaging
- Waste- and water management
- Defence equipment
- Pollution control



LEADERSHIP approach



commitment
top management

long term
engagement

boots on the
ground

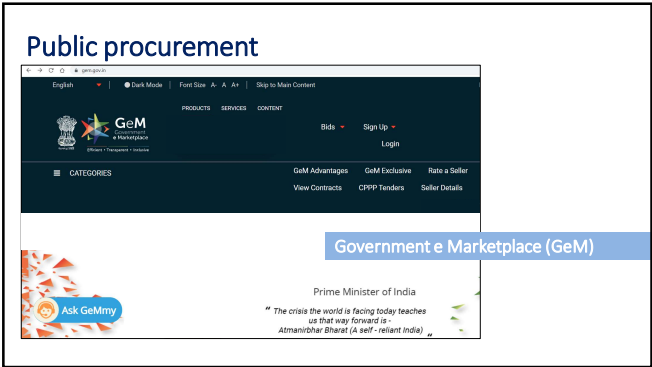
MARKET approach



geographical
area

market
segment

strength



Tenders in India: key requirements

Rajiv Dhawan
Director DMH Business Advisors

Insights

- Central government has **barred** companies from **countries** which do not allow Indian companies to participate in their government procurement.
- Foreign companies have been approaching Indian advisory- and CA firms to set up units in India to meet the new investment rules in line with the **"Atmanirbhar Bharat"** (self-reliant India) objectives.
- In order to promote local manufacturing, DPIIT has amended the public procurement rules to ensure that only items that have a **minimum of 20% local content** can participate in public tenders (this has prompted foreign firms to expedite the process of setting up shop in India).
- PLI scheme: **13 thrust sectors** identified (example: large scale electronic manufacturing, food processing and textile sectors) with criteria of **minimum threshold investment and sales**. Once qualified incentives range from 3 to 11% depending on the specific sector.

Insights

- No global tender for procurement of items **less than 2.000 million INR** (about US\$ 25 million).
- Every central ministry / department / PSU will set an annual target of **25% procurement from SME's**.
- Entity classification** - whether small or medium - is by the criteria of:
 - investment threshold:**
 - Small between 10 million to 100 million INR (US\$ 125K - US\$ 1.25 million)
 - Medium between 100 million to 200 million INR (US\$ 1.25 - US\$ 2.5 million)
 - or turnover threshold:**
 - Small between 50 million to 500 million INR
 - Medium between 500 million to 1.000 million INR

Insights

- Doing business in India has a fair share of **challenges**. In view of the amended rules, foreign firms seeking greater clarity must take proper advice.
- Many **tariff and non-tariff measures** have been taken to stem flow of cheap imports from China and to promote local manufacturing.
- As India has a **huge domestic market** and a major middle class, in the long run it makes eminent sense for any manufacturing- or processing entity to consider India as an important investment- and market hub.
- Economically, **SME's** play a very significant role in India - contributing **24% to services sector GDP** and **6% to manufacturing GDP** - also accounting for about 45% of all exports out of India and employing +120 million.
- Even small entities in Belgium should not shy away from entering into a JV or market association / collaboration while seeking to get their knowhow registered or patented for IP protection. This will help them **actively participate in procurement**.

Recommendation

- Market research to understand dynamics
- Test marketing of a product
- Market collaboration - existing player
- Acting as sub-vendor to key qualified players
- Support of experienced and knowledgeable entities for market entry
- India a long term story - results take some years to mature

How to participate in tenders

Your presence in India

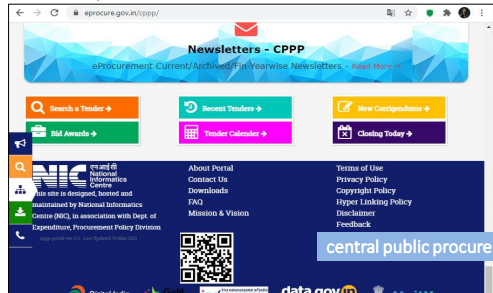


Amit Mittal
Director DMH Business Advisors





Public procurement - tenders



central public procurement portal

Public procurement - tenders

- Central public procurement portal (single point access for all procurement made across various ministries, departments and PSU's): <https://eprocure.gov.in/cppp>.
- Provides free access to tender documents, clarifications, secure online bid submission and access to bid opening events. Approx. US\$ 10 billion worth of business transacted in the year 2020-21.
- Similar portal for state governments and their bodies.
- Government e Marketplace (GeM): largest end-to-end online market place for common use good and services (government bodies, PSU's, autonomous- and public funded institutions).
- Government recognized startups falling under the category of micro- and small enterprises are exempted from the eligibility criterion of prior experience, turnover and EM deposit.
- All usual conditions (valid registrations, financial clearances, solvency, etc.) apply.

Technical qualifications

- Global tenders > 2.000 million INR (US\$ 25 million) - Atmanirbhar Bharat (self reliant India)
- Preference for businesses based in India
- Preference goes to the company with a higher local content
- Local content = value added in India
- Annual turnover / financial capabilities
- Turnover from similar activities / projects
- Experience of working with government and / or its bodies
- Personnel capabilities
- Equipment capabilities







Bidding process

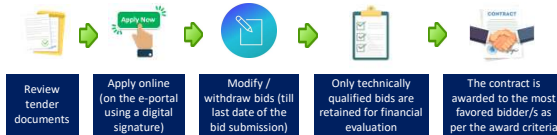
Single stage bidding
single envelope /
multiple envelope

Two stage bidding (EOI)


Pre-qualification
criterion (PQC)


Reverse auction

Bidding process



Generally, the entire process takes 4 to 6 weeks





Risks and safeguards

Post - tender (execution)

- Delays in finalizing or varying the terms
- Protracted negotiations
- Pending clearances
- Rebidding (pretext of prices high, etc.)
- Sudden quantity reduction / increase or splitting of work quantity at the time of award
- Anti-competitive practices of bidders

Pre - tender

- Time consuming process
- Contentious and disputes
- Anti-competitive bidding
- Cartelization

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Way of participating in the tender

Directly

- Wholly owned subsidiary
- Limited liability partnership
- Joint venture

Indirectly

- Dealer / distributor
- Technology transfer / licensee
- Sub-contractor
- Supplier

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Public procurement is an important part of India's growth story. There are many different ways to participate in public procurement. Contact us for your specific needs in order to have greater clarity.

- DMH Business Advisors

Q & A



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Vote of thanks

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