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## DPIIT PROPOSAL TO HIKE LOCAL CONTENT IN PUBLIC PROCUREMENT

# Companies worried over steep goal

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The Department for Promotion of Industry and Internal Trade (DPIIT) has proposed to raise the minimum local content under public procurement order in government contracts. But several local suppliers and multinational companies (MNCs) are saying such a steep target is not attainable.

Class-I suppliers, whose goods, services or works offered for procurement has local content equal to or more than 50 per cent may see it increased to 70 per cent, while it may go up to 50 per cent from 20

per cent for Class-II suppliers. Local manufacturers say the move to raise localisation will benefit foreign companies.

As the specialised components are not manufactured in India, domestic players will be ineligible under the scheme. The component can then be procured only through imports from foreign companies.

“It looks to support the ‘Make in India’ programme, yet practically in technology products, reaching 50 per cent has been a challenge” said N K Goyal, chairman emeritus of the Telecom Equipment Manufacturers Association, an association of telecom equipment players. In mobile phones, localisation is only 15-20 per cent.

“Hence such a high PLI would make all manufacturers ineligible,” Goyal added.

Ministries like the Department of Telecommunications (DoT) have asked stakeholders, such as telecom equipment makers and those who participate in government trades, to furnish comments by March 12. MNCs reckon that DPIIT targets are ambitious, but they echo the concerns of local manufacturers. “The proposed increase will place significant pressure on the supply chain as specialised components and materials are not readily available or manufactured in India at competitive prices,” said a top executive of a telecom gear maker.