

INDIA CANCELS CHINESE SMART METERS CONTRACT, SNAP BIDS TO BE CALLED SHORTLY

Relevant for: International Relations | Topic: India - China

NEW DELHI: The Centre has cancelled the 2-million smart meter tender awarded to Indonesia-based PT Hexing, over concerns about its Chinese ownership and manufacturing plans in India, according to a top executive at state-run Energy Efficiency Services Ltd (EESL), which has been designated to implement the country's smart metering programme - the world's largest.

PT Hexing is said to be owned by Hexing Electrical Co, with headquarters in Hangzhou, China.

EESL which had put the order on hold, plans to call snap bids shortly for awarding the cancelled contract for around 3 million smart meters now.

The National Democratic Alliance government plans to convert all electricity meters into smart prepaid meters by 2022.

"We have cancelled the bid because they did not meet tender conditions of manufacturing the meters in India, which is part for the bid conditions. Therefore EESL has cancelled the contract. We are shortly coming up with a snap bid for 3 million meters," said Saurabh Kumar, managing director of EESL, a joint venture set up by NTPC Ltd, Rural Electrification Corp. Ltd, Power Finance Corp. Ltd (PFC) and Power Grid Corp. of India Ltd.

PT Hexing couldn't be contacted.

The move comes in the backdrop of India restricting companies from countries with which it shares a land border from participating in bids for government procurement without approval from competent authorities.

Earlier, Uttar Pradesh Power Corporation Limited had also scrapped a consignment of Chinese smart meters being procured by EESL.

A smart meter architecture requires a two-way communication network, control centre equipment and software applications that enable near real-time gathering and transfer of energy usage information. The Union government is cautious about such imported equipment running the risk of being infected by a malware.

As part of its economic squeeze on China, India last week imposed restrictions on import of colour television sets after barring Chinese apps and cancelling railway and road tenders secured by Chinese firms.

Chinese smartphone handset maker Vivo has reportedly pulled out as the title sponsor for this year's Indian Premier League. Chinese language has also been removed from the curriculum of Indian schools and the government is set to review the status of Confucius Institutes aimed at popularising Chinese in India.

The letter of award (LoA) for smart meter contract was given to PT Hexing, before the Department for Promotion of Industry and Internal Trade (DPIIT) came up with order, restricting companies from countries with a shared land border with India from participating.

Of the total order for which PT Hexing was the lowest bidder, around 10,000 meters have been supplied from its Indonesia facility. Of around 1.6 million smart meters supplied by EESL to Uttar Pradesh, Haryana and Delhi, 1.4 million have been supplied by Genus Power Infrastructures Ltd's Rajasthan facility. The remaining meters have been supplied by ITI and Larsen & Toubro.

EESL's smart meter programme plans to replace 250 million conventional meters that will help increase the debt laden discoms' annual revenues to Rs1.38 trillion. Also, India's proposed 3.5 trillion distribution reform scheme to arrest electricity losses at below 12% starts with smart meters.

In a related development, as part of its strategy of compulsory purchase preference to local suppliers, India has also set up a standing committee headed by the secretary, DPIIT, to ensure enforcement of the strategy.

In a wider decoupling exercise, firms defined as Class-I local suppliers, having local content of 'equal to or more than 50%', will be the only ones eligible to bid for contracts that have a sufficient domestic capacity. For international tenders, if the lowest bidder (L1) is a Class-I local supplier, the full contract quantity will be awarded to it. In case the L1 bid is not a Class-I local supplier, only half of the order quantity shall be placed with the bidder. Then, if the lowest bidder among the Class-I local supplier matches the L1 price or falls within its range, the remaining 50% of the contract will be awarded to the domestic firm.

This public procurement order is intended to give preference to local suppliers and promoting manufacturing and production of goods and services in India with a view to enhancing income and employment.

India wants to become an integral part of global supply chains as firms look to move production lines out of China following the coronavirus pandemic that originated in Wuhan. Prime Minister Narendra Modi announced his vision for a self reliant India on 12 May with finance minister Nirmala Sitharaman outlining a number of steps to help domestic industry recover from the lockdown as well as attract foreign investors.

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