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Dr. Guruprasad Mohapatra
Secretary
Department for Promotion of Industry and Internal Trade (DPIIT)

Subject: Request your intervention to rectify anomaly in GeM portal

Respected Sir,

Manufacturers' Association for Information Technology (MAIT) is the apex body representing India's ICT sector. MAIT is recognized by both the Government, as well as the industry, for its role in the growth and development of the IT Hardware industry.

The ICT industry acknowledges the intent of the Government of India to promote domestic manufacturing of products and resulting measures like the "Preference to Make in India" scheme (PMI). However, we would like to bring to your attention an anomaly in the Government E-Marketplace (GeM) portal that is causing serious disruption to public procurement and is in contradiction to the intent of following clauses of DPIIT PMI policy dated September 16, 2020

1. Clause 3 (a) states that the preference for a Class I local supplier is for items where there is sufficient local capacity and competition
2. Clause 3B(a) states that in case there is sufficient local capacity and competition for the item procured, Class I local suppliers shall be eligible to bid
3. Clause 3B(b) states that in other cases, Class II Local suppliers **and Non-Local suppliers may also participate** along with Class I local supplier.
4. Clause 8 states that **as far as possible** GeM shall mark the items that meet the local content requirement and display for automated comparison with and without purchase preference
5. Clause 11 states that the Nodal Ministry/Department shall assess the domestic manufacturing/supply base to ascertain local capacity and competition before identifying products and local content requirement.

We would like to bring to your notice that a transparent capacity/competition assessment needs to be done for the telecom and ICT products. Further within a family of products, some models are made in India and others not.

What has disrupted the procurement process in various infrastructure projects is the recent feature added on the GEM Portal which only allows Class I/ Class II suppliers to bid in the GeM portal.

The portal **mandates potential bidder to state whether they are Class I/Class II/Non-Local suppliers and to state the level of value addition substantiating the category selected.** Further Non-local category suppliers are forbidden from bidding. This feature effectively has changed the "Preference for Make in India to Mandatorily Make in India" with total disregard to availability of local capacity as mentioned in the above paragraph.

Due to this new feature, in Products where there is no local capacity and non-local suppliers are the only option, there are no bidders for these projects. We wish to draw attention to the fact that it is important to conduct a transparent assessment of local capacity to avoid such situations. For now, the approach adopted by GeM is not in accordance with the September 16, 2020 guidelines.

This update has resulted in the absence of or limited number of bids on active tenders on the portal, for the following reasons:

1. **Limited local competition:** You would appreciate that the local capacity for several ICT products is still nascent in the country resulting in limited Class I/Class II Local suppliers. The limited capacity is primarily due to the following reasons:
 - a. **Electronics & telecom products are unique:** Electronic and Telecom products consist of a range of products, and all of them is not made in India. They can only manufacture certain products at scale in a location due to the manufacturing nodes being globally dispersed due to supply chain reasons.
 - b. **Shift of Domestic manufacturing takes time:** Several Indian & Global brands are enthused by the recent PLI schemes of the government and are evaluating shifting manufacturing to India. You would appreciate that such a shift is time and cost intensive.
2. **Legacy products:** You would appreciate that several procurement orders from government agencies are not for fresh products but extension of their ongoing subscriptions, or expansion to the existing projects. To cite an example, the procuring agency could seek additional licenses or services on an application performance management software or an expansion to the existing ICT Infrastructure which is currently in use.

Considering the above, we have the following requests:

- I. **In the immediate term, while maintaining the preference for make in India products,** allow all classes of supplier products listed in the GeM portal to be able to participate in the tenders for products, where there is no local manufacturing.
- II. **In the short term, conclude a study to ascertain local capacity.** In fact, the GEM platform itself may be used to ascertain local capacity and competition.

We urgently seek your intervention to keeping alive the vibrant ICT sector in India, encouraging them to manufacture in India. The recent updates to the GeM portal have handicapped the build-up of India's Digital infrastructure.

We look forward to a positive response from you.

With regards,



George Paul
Chief Executive Officer