



PHD House, 4th Floor, Ramakrishna Dalmia Wing  
4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110016,  
Tel# 9599665859 E-mail: [ajafri@mait.com](mailto:ajafri@mait.com) □ Website: <http://www.mait.com>

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September 19, 2022

Shri Prashant Kumar Singh, IAS  
CEO  
Government e-Marketplace

**Subject: Request for extension in delivery timelines for electronics and telecom products**

Respected Sir,

***Greetings from MAIT!***

MAIT welcomes the earlier steps taken by the Government to extend delivery timelines for certain IT products on the GeM portal on account of the disruptions in the global supply chain during the COVID lockdown period. Given the worldwide shortage of components, the advisory dated 21 September 2021, extending the minimum delivery period to 90 days (on applicable categories) has been very helpful for the ICT industry. India's electronic manufacturing has been growing surely and steadily, given the various initiatives taken by the Government of India to facilitate growth, incentivize investment and foster competition. A testament to this fact is the increase in India's domestic production of electronics from \$29 Bn in 2014-15 to \$67 Bn in 2020-21.

We understand that GeM has revoked the advisory regarding extension of delivery timelines recently. The new deadline for delivery has been set at 15 days. As you may be aware, the global shortage of components critical to the production of several IT and telecom products continues.

Therefore, given the current shortage of components such as semiconductors, ICs and panels the new delivery timeline of 15 days is proving to be insufficient. In practice, companies are unable to fulfil deliveries of several products including, desktop computers, laptops, AIOs, workstations and storage equipment.

In addition to this, it must be acknowledged that telecom products like Routers, Switches, Communication security products, etc. are made as per customer requirements, unlike consumer technologies, which have stock keeping units.

Besides component shortage, there are other obstacles in maintaining smooth operations. Component supplying countries are reeling under new COVID restrictions including intermittent lockdowns leading to shutting down the factories.

In addition to these restrictions, China is also facing its worst drought which has crippled economic activity across the country. Extreme power deficiency has disrupted the complete supply chain ecosystem globally leading to shortages and extended timeline for electronics manufacturing.

The ongoing tension between China and Taiwan is also worsening the chip shortage for multiple products. The labor unrest in Europe and the impact of climate change leading to port congestion and cargo delays will have its adverse impact on the global supply chain.

Even assuming an ideal supply chain situation, it is not feasible for any OEM to stock all possible configurations of customizable products such as Desktops and Laptops. The minimum delivery period that a customer can now specify in a bid makes it nearly impossible for OEMs to consistently produce and deliver products such as laptops within 15 days of being awarded an order.

Additionally, even if material is somehow ready with vendor and if order is multilocation, material may not reach within 15 days to customer location. This itself is a very difficult task and vendors will incur LD, and in process, they will add in the selling price to customer. Hence, the cost of the product will increase and Govt will end up spending more amount for buying the electronics product.

**In view of the above-mentioned challenges, we request GeM to revisit the delivery timeline and extend the delivery period as suggested below:-**

- i) From 15 days to **60-90 days for “Electronic Products”**
- ii) From 15 days to **90 to 120 days for telecom products under the “Information Technology Broadcasting and Telecommunications” category.**

**Further, we request case to case review of timelines for telecom products under the “Information Technology Broadcasting and Telecommunications” category.** GeM may review the timeline after 3/6 months depending on the global supply chain situation at that point.

We hope you will consider our submission favourably. Our members would very much welcome an opportunity to discuss the contents of this letter with you in more detail.

We are committed to India's growth and development in the electronics manufacturing sector and wish to be a part of the ambitious goal of reaching Electronics Manufacturing of US \$300 billion by 2025-26.

Thank you for your leadership and support

With regards,



Col. AA Jafri, Retd.  
Dy. COO  
(Acting Director General - MAIT)

CC: Shri Alkesh Kumar Sharma, IAS, Secretary, MeitY  
CC: Ms Manmeet K Nanda, IAS, Jt. Secretary (Public Procurement), DPIIT  
CC: Shri Amitesh Kumar Sinha, IRAS, Jt. Secretary, MeitY

#### **Reference Links**

##### **Global Shortages of Semicon**

<https://www.fierceelectronics.com/sensors/chip-lead-times-52-weeks-expected-last-few-years-rand-expert-says>

<https://www.wbng.com/2022/09/08/experts-say-chip-shortage-is-hampering-many-us-electronic-industries/>

<https://ihsmarkit.com/research-analysis/understanding-the-current-global-semiconductor-shortage.html>

### **Covid Restrictions**

[https://www.business-standard.com/article/international/china-shuts-down-world-s-largest-electronic-market-after-covid-19-spike-122082900953\\_1.html](https://www.business-standard.com/article/international/china-shuts-down-world-s-largest-electronic-market-after-covid-19-spike-122082900953_1.html)

### **Issues like Drought, Heatwave in some geographies**

<https://economictimes.indiatimes.com/news/international/world-news/power-crunch-in-sichuan-adds-to-industrys-woes-in-china/articleshow/93696367.cms?from=mdr>

<https://fortune.com/2022/08/20/china-heatwave-supply-chain-covid-lockdowns/>

[https://www.business-standard.com/article/international/power-crunch-in-sichuan-province-adds-to-manufacturers-woes-in-china-122082100890\\_1.html](https://www.business-standard.com/article/international/power-crunch-in-sichuan-province-adds-to-manufacturers-woes-in-china-122082100890_1.html)

<https://www.nytimes.com/2022/09/08/business/economy/climate-change-supply-chain.html>

### **Geopolitical Situation**

[https://www.business-standard.com/podcast/current-affairs/will-china-taiwan-tensions-worsen-india-s-chip-shortage-122081800072\\_1.html](https://www.business-standard.com/podcast/current-affairs/will-china-taiwan-tensions-worsen-india-s-chip-shortage-122081800072_1.html)

<https://www.maersk.com/news/articles/2022/09/01/asia-pacific-market-update-august>