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Ref.No.MAIT/PY/2381

August 23, 2021

Shri Prashant Kumar Singh
CEO
Government e-Marketplace (GeM)

Subject: Request for moratorium on the levy of LD Charges and other penalties in view of global shortage of Semiconductors, ICs, Panels etc.

Respected Sir,

Greetings from MAIT!

We would like to bring to your attention the global shortage of Semiconductors, ICs, Panels etc. which is adversely impacting the production of a wide range of products . This shortage can be attributed to the operational challenges due to Covid-19 along with unprecedented surge in demand for electronics and personal computers due to Work from Home, Education from Home, etc. and this is likely to persist for a while as demand continues to remain high. As the demand remains high the forecast is that these shortages may continue in the year 2022 as well.

Since these Semiconductors, ICs, Panels etc. are essential components required for the manufacturing of IT hardware products such as **AIOs, Desktops, Laptops, Tablets, Workstations, Servers, Computer Monitors, Scanners, Plotter Printers, Computer Printers, Projectors, and OEM Cartridges**, this shortage has led to significant industry wide production disruptions leading to an increase in the time required to fulfil orders for such products.

The issue of semi-conductor shortages has been highlighted in reputed national and global media. Kindly refer to the Annexure for media reports.

There are other related challenges resulting in delays such as port congestions, container shortages etc. Air Freight delays and frequent local lock downs are also impacting warehousing operations and consequently domestic delivery timelines.

Because of these unforeseen circumstances, meeting deadlines has become a huge challenge and electronics industry is facing the risk of penalties and show cause notices even though the crisis is a result of overall global conditions and not specifically attributable to the IT Hardware OEMs.

In view of the above facts, we request GeM to issue an advisory on its website notifying buyers of the prevailing supply chain constraints in the above-mentioned products and be advised to refrain from levying late delivery charges on such products till this issue is resolved.

We would like to request a moratorium on the levy of LD Charges and other penalties for late deliveries for a period of one year starting April 2021 which is the amount of time this situation is likely to continue.

Last, we also request that **the automated Incident Management system be calibrated so that incidents are not automatically raised against sellers for late deliveries of orders corresponding to products which are presently impacted.**

We would greatly appreciate our requests being favourably considered.

With regards,

A handwritten signature in black ink, appearing to read "George Paul". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke extending to the right.

George Paul
Chief Executive Officer

CC: Shri Saurabh Gaur, Jt. Secretary, Ministry of Electronics & IT