



Indian Electrical & Electronics Manufacturer's Association
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Director General

SEC/REP/S/130

3rd June 2021

To,
 CMD / MD's of All State Utilities,

Dear Sir / Ma'am

Subject: Request for Rescheduling of Contractual Deliveries with IEEMA PVC and Waiver of Liquidated Damages/ Penalty in view of COVID 19 pandemic and lockdowns

The Indian electrical industry has been undergoing through an unprecedented situation and difficult times, caused by the outbreak of deadly Covid 19 pandemic.

Taking cognizance of the seriousness of the situation, certain stringent measures were taken by the Government and the country went through complete lockdown, from 23rd March 2020, till the end of May 2020 and thereafter partial shutdowns, which are still imposed in the form of containment zones/ micro containment zones. Other precautionary measures have also been taken by various State/ Central agencies due to rapid rise in second strain of Covid-19, from the 1st week of March 2021.

There is an environment of fear and uncertainty prevailing everywhere, developed over last two months. The electrical industry, which was trying to come out of earlier losses, are again being compelled to take precautions, due to which, manufacturing capacities have reduced further.

As per the information received from our members, due to the unprecedented situation developed over last one year, our members are not able to maintain the delivery schedule as per their contracts, because of the uncertainty in supply chain and availability of work force. Due to the reasons listed below, it is impossible for our members to maintain the supply schedules as per the contract:

1. **Supply Chain Issues** – Many of the electrical goods and components are made up of assembly of various items, sourced from various parts of India and the World. Any issue at any place e.g. presence of covid -19 virus in the premises of a manufacturer, creation of containment/ micro containment zones, partial lockdown/ curfew at the place of a vendor, affecting movements of goods and people; lead to disruptions in delivery of goods and it is impossible to maintain monthly /Quarterly schedules.
2. **Restriction in import of Goods** – Due to Covid situation, there is huge shortage of containers affecting movement of imported goods to India. Also due to scarcity of containers and shipping vessels, locally available goods or imported goods available with stockiest have become very expensive, which is not contained in price variation clause.
3. **Non-Regularisation of essential items and consumables** - The retail outlets from where the manufacturers source the essential items like hardware and various industrial supplies, industrial gases and essential consumable materials are yet to be regularized.



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4. **Non-Availability of Public Transport** - Public transport, such as, buses, auto rickshaws etc., which are widely used by the staff and labourers of the manufactures to reach factories, is not fully functional.

Over and above, the supply chain of most of our industry members in North India (Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh) has been greatly affected by the Kisan Agitation, since September 2020 and the same is still continuing, without any clue of its end.

As reported by our members that in spite of all aforementioned hardships, State Electricity Boards, Nigams and Power Utilities are imposing penalties on delays in deliveries and execution of project works. The Government of India had declared Covid-19 as 'Pandemic', which was to be considered as 'Force Majeure Condition' in execution of all contracts. An Order of Department of Expenditure, Ministry of Finance, Government of India, dated 19th February 2020, in this regard is attached.

Keeping in view the pandemic situation, Government of India had time and again issued advisories/ Orders for relaxation in bank guarantees and extension of delivery periods. Taking cognizance of advisories of Government of India, some utilities have reduced their bank guarantees, extended the contractual delivery periods and refunded the liquidity damages.

It is further submitted that many of our members are depended on Government Procurements/ Contracts. However, due to the pandemic conditions, Government procurement and new spending on electrical infra did not materialise, due to which, electrical industry is suffering heavily.

The spread of Covid-19 has again started increasing in many parts of the country and also worldwide, again impacting the supply chain of raw materials, availability of labour and restriction on movement, travels and partial shut downs in affected areas. It is foreseen that it is going to impact delivery commitments of the contracts and orders in hand, which is beyond the control of the industry.

In view of aforesaid hardships of the industry, IEEMA requests your utility to issue necessary Orders /Instructions for not deducting any liquidity damages till Dec 2021. Orders on reduction in percentage of Bank Guarantee from 5-10% to 3% and replacement of EMD with bid security declaration, being followed by many utilities, are also requested to be issued by your utility, if not already issued.

Your above actions would make industry suppliers healthy, also keeping the interest of your utility in the long run, by way of increased competition and better prices for future supplies.

We look forward to kind consideration of our above request.

Best regards,

Yours sincerely

^ Sunil Misra

Copy to: Secretary, Department of Commerce, Ministry of Commerce and Industry