



Indian Electrical & Electronics Manufacturer's Association
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President

SEC/REP/S/145

25th June 2021

Hon'ble Minister,

Sub: Implementation of Relief Measures Provided to Suppliers and Contractors under *Aatmnirbhar Bharat 3.0*

Indian Electrical & Electronics Manufacturers' Association (IEEMA), is the apex representative Association of Indian electrical industry. IEEMA represents approx. 950 members, covering a wide range of electrical, industrial electronics and allied products, encompassing the entire value chain of the sector from power generation, transmission, distribution and downstream to the point of consumption of electricity; thereby covering finished products, parts and components, systems and services. IEEMA Members provide direct and indirect employment to 1.5 million people and over 5 million across the entire value chain respectively. About 70-80% of the industry members belong to the Small and Medium Enterprises, which is the backbone of this industry.

In respect of slowdown in the economy on account of outbreak of deadly COVID-19 pandemic, there is an acute financial crunch among many commercial entities and contractors which has affected the timely execution of the contracts. The Small and Medium Enterprises got the hardest hit and many of these are unable to cope up with unprecedented situation, with limited liquidity and cash flow. Further, this cash crunch affected the ability of contractors to bid in tenders for healthy completion in the market.

IEEMA appreciates and welcomes the pro-activeness and initiatives taken by the Government of India in supporting survival of Indian industry, through several financial and non-financial measures, from time to time.

We would like to bring to your kind attention to the relief measures announced by the Government of India, on 12th November 2020 under *Aatmnirbhar Bharat 3.0*, with Reduction in Value of Performance Security on Government Tenders from existing 5-10% to 3% of the value of the contract and Replacement of Bid Security / Earnest Money Deposit (EMD) with Bid Security Declaration (copies attached for ready reference). These were made applicable for all kinds of procurement viz. Goods, Consultancy, Works, non-consulting Services, EPC etc. under Rule 6(1) of the GFRs 2017.

The Government of India brought these measures to provide relief to the suppliers and the contractors, by reducing locking up of working capital and cost of Bank Guarantee. Also, these measures were extended to Public Sector Enterprises and State Governments were encouraged to adopt the same.





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We have been informed by our members that there are some Central Public Sector Undertakings and many State Governments and their Power Utilities, which are not extending these relief measures in their tenders, as enclosed as annexure 1.

IEEMA seeks your kind intervention and requests your good offices to take up the matter with the Ministry of Finance and the Ministry of Power in the Government of India, so that these relief measures are extended by all CPSUs and State Power Utilities to the MSME industries, in all existing and future procurement tenders.

We look forward to kind consideration of our above request.

With Kind regards,

Yours sincerely

Anil Saboo

**Shri Nitin Gadkari
Hon'ble Minister Micro, Small & Medium Enterprises and Road Transport & Highways
Ministry of Micro, Small & Medium Enterprises
Government of India**