



PHD House, 4th Floor, Ramakrishna Dalmia Wing
4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110016, India
Tel#: (+91-11) 2685 5487, 4287 8418 • Fax#: (+91-11) 2685 1321
E-mail: contact@mait.com • Website: http://www.mait.com

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Ms. S Radha Chauhan
CEO
Government e-Marketplace (GeM)

Respected Madam,

Greetings from MAIT, the apex body representing the ICT Hardware Sector in India!

MAIT has been working with the Government right from onboarding of ICT companies on GeM portal to constant facilitation of their business to this day.

Although many initiatives are being taken to improve GeM, there are still many issues which need to be addressed to make it efficient, productive and industry-friendly.

Over the course of our participation on GeM platform and interaction with buyers and seller, we have identified a **few broad issues which have significant impact on GeM as follows:**

1. *“Portal derived ceiling market price” preclude wider participation*
2. *Fake/technically incorrect products being uploaded on the portal and unauthorized resellers calling themselves as OEMs*
3. *Reconsideration of default delivery timeline*
4. *Reconciliation of Accounts difficult in case of multiple payments*
5. *Discount on Consumables @25% and Finished Goods at 10% is a challenge.*

The issues have been detailed with suggestion and benefits it will provide to the customers. Refer **Annexure-A** for details.

We have also highlighted few suggestions under **“Website/portal enhancement”** for smooth working of GeM portal as well as other **“Operational issues”**, which if not addressed can lead to malpractices in future.

We would also like to request you for an **Impact Analysis** to understand the impact of GeM on procurement of common use Goods & Services required by various Government Departments / Organizations / PSUs in terms of transparency, efficiency and speed in public procurement. This will be a good exercise to undertake, as it will ensure smooth functioning of GeM, as we move further with more inclusion of products and wider participation of Buyers and Sellers.

We will be grateful if you can consider issues as enclosed and visit the concerns of our industry members. **We would like to meet you to personally apprise you of the issues, which may require clarification, on a day & time convenient to you.**

With warm regards,

Anwar Shirpurwala
Chief Executive officer

Significant Issues: Government e-Marketplace

ANNEXURE-A

A. Key Issues & Impact under GeM

1. *“Portal derived ceiling market price” preclude wider participation*
2. *Fake/technically incorrect products being uploaded on the portal and unauthorized resellers calling themselves as OEMs*
3. *Reconsideration of default delivery timeline*
4. *Reconciliation of Accounts difficult in case of multiple payments*
5. *Discount on Consumables @25% and Finished Goods at 10% is a challenge.*

1. Portal derived ceiling market price preclude wider participation

Issue

“Portal derived ceiling market price” derived from the product, which the customer chooses to prepare bids precludes participation of reputable sellers in various opportunities where the customer has prepared his bid (basis the product listed on the portal at an unviable low price by an unauthorized seller/Vendor.)

Our observation is that, there are regrettably many such products with absurdly low price and it would be unreasonable to expect most customers to know this before publishing their bids. In fact, some OEMs have uploaded very specific products, which others can't comply. If the customer chooses their product while uploading the bid, it becomes specific for the OEM, and in-turn there is no competition which goes against basis tenet of GeM.

“Portal derived ceiling market price” overlook various parameters which contribute towards product price but are overlooked by GeM's mechanism.

Suggestion

- GeM need to remove all un-authorized resellers in order to ensure right product at the right pricing for right budgeting by the customers.
- It will ensure wider participation by the genuine sellers & OEMs.
- It will also ensure correct informed purchase decisions after comparison based on correct technical evaluation of the products.

Benefit to Customer

It will increase the number of options for evaluation without having to resort to scrapping and refloating of bids due to unsatisfactory participation. This would benefit the customer to get the right product at the right time.

2. Fake/technically incorrect products being uploaded on the portal and unauthorized resellers calling themselves as OEMs

Issue

GeM allows any seller to get registered on its portal by just submitting their Aadhar no & company details without furnishing the legal authorization from the brand owner/OEM.

- There have been many instances when **used, refurbished/reconditioned machines** are being offered & sold on GeM portal which is a serious concern not only for the brand owners but also for the prestigious govt. customers who are placing orders on GeM with a confidence of getting a genuine & new product.
- Since GeM has allowed various non-OEM entities to upload products wherein the OEM is not in the loop has led to **Fake/technically incorrect products** being uploaded on the portal. These unauthorized Resellers calling themselves as OEM and uploading products at discounted rates. Such products uploaded by sellers can't be supplied under any circumstances. It causes inconvenience to the buyer as his order is not fulfilled and also damage to the brand reputation of the aggrieved OEM in such case.
- We have also seen that many of such Resellers are selling bought out **second-hand products** without OEM Warranty and also do not provide installation or in warranty services to customer.
- For example, it has been observed that some of the MRPs of Wide Format Printers uploaded by resellers is different than with brand owner/s and this is giving an incorrect/misleading information to the customers on GeM portal thereby damaging its credibility & the image of the brands.

Suggestion

There needs to be a workflow by which the only brand owners will be authorized to upload the product & the authorized resellers will only have an option to attach the product / model uploaded by OEM or sole importer of that product in India.

Alternatively, any new model uploaded by a reseller, will go as an intimation to the brand owner along with the name of the reseller & his full coordinates for his final approval. Brand owner will be given a maximum of 3 working days to review & approve the products for its final inclusion on GeM portal.

Our suggestion is that enablement of OEM dashboard could help in such real time integration. MAIT is ready to work with all stakeholders to devise and suggest such workflow.

Our further suggestion is that all unauthorized Resellers who are uploading fake/technical incorrect product, should be immediately stopped in order to maintain the credibility of both GeM & the reputed brands who have created & maintained their goodwill over a period of time.

As we understand many unauthorized partners & resellers have registered themselves under OEM category in GeM, thereby bypassing the MAF requirement. Our member companies have already submitted a list of authorized resellers to your good offices & we hope that GeM will remove all unauthorized resellers to maintain hygiene in the whole procurement cycle.

Benefit to Customer

It will ensure that the ability to order any product on the portal with a high degree of confidence that it is a genuine product whose specifications have been vetted by the relevant OEM. With this the customer would not feel cheated by not getting any post-purchase services (installation, warranty, etc.) from GeM portal.

3. Reconsideration of default delivery timeline

Issue

Default delivery timeline in the case of Direct Purchase and L1 Purchase is just 15 days which has resulted in most OEMs reevaluating their direct business model on GeM which is limiting the options for the buyer.

Most of the Tier-1 OEMS rarely participate in small opportunities due to short delivery time of 15 days. Due to short delivery timelines, there is a high risk of incurring late delivery penalties and also reducing seller rating.

Many orders in GeM needs special approvals from the management which require some additional time and for many other select orders 15 days are too less a time to execute the order considering the logistics challenges.

Suggestion

The default delivery timeline should be 21 to 30 days instead of 15 days. Considering the state of logistics in the country, we believe this is the optimal timeframe in which most of OEMs will be able to deliver their entire range of products thereby ensuring wider participation.

Benefit to Customer

The increased timeline will increase options for the customers as there will be wider participation from sellers for whom meeting deadline of 15 days is a challenge. Better price discovery due to wider participation will further increase the competition which is perfectly in line with spirit of GeM portal.

4. Reconciliation of Accounts difficult in case of multiple payments

Issue

When BUYERS make payment into SELLERS ACCOUNT by NEFT, the SELLER does not get any intimation that the specific payment credited to their account is from which BUYER in absence of UTR details. This is presently making reconciliation of accounts a very difficult and cumbersome especially when multiple payments from multiple customers of same amount are credited in the bank.

It is practically impossible to know which BUYER payment is credited and whose payment is still pending Or not credited in the Bank.

Suggestions

Industry suggest that while making a payment, vendor/GeM invoice reference no. along with UTR details should be intimated to the Seller from the system for better reconciliation of their financial accounts with Bank Credits.

Benefit to Customer

Streamlining the payment process will not just help the Sellers but will also help the Buyers in saving their time in responding to individual Sellers multiple times on their payment follow-ups.

5. Discount on Consumables @25% and Finished Goods at 10% - a challenge

As per the current GeM requirement, sellers need to offer their consumables at 25% discount on MRP and Finished Goods at 10%, which is preventing/abstaining them to list their items on negative margins.

For example, there are many instances where resellers are selling fake/duplicate, refilled cartridges which is significantly reducing the life of the machine & also impacting the brand image of OEMs.

Not only this, it is a huge cost burden for repairing and maintaining such equipment for the customers & for the brand owners. Use of sub-standard spares & consumables increases the downtime of the equipment with frequent breakdowns.

Suggestions

Keeping in view the indirect cost implication & serious environmental impact due to fake, duplicate or refilled cartridges being sold, we request you to kindly remove the mandatory discount of 25% & 10% on Consumables & hardware. This will allow all the companies to offer their entire range of products on GeM portal where they are already operating on very thin margin.

In a dynamic highly competitive market, the price parity gets automatically established otherwise companies could have charged any price from customer operating outside GeM domain which is not the case.

Benefit to Customer

More options will be there for the customer on GeM portal to choose the best solutions for their office need. It will not only create a healthy competition but also promote ease of doing business in the country. It will also further improve efficiency

B. Key Suggestions for Portal enhancement

| S. No | Issues | Suggestion | Benefit to Customer |
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| 1. | Many times, there are incorrect specs requested for in a bid, or there is some sort of clarification needed | Bids should have a message tab wherein they can address a query to the buyer. Entire process can | Customers will have a wider number of bids to choose from and in case of any oversight at their end, it can be rectified. |

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| | <p>on a number of installation locations etc. – which have a bearing on bid participation and price. There is no prescribed way of clarifying these</p> | <p>be made anonymous and routed through GeM itself so as not to compromise integrity.</p> | |
| 2. | <p>Make, model, name of the supplier not visible at the time of technical evaluation of the bid</p> | <p>While we appreciate your concern of being unbiased in the whole procurement cycle under GeM, however, in the absence of no information about make & model no., it becomes impossible for the buyer to cross-check the latest model, updates about the product from the website w.r.t price offered by the vendor.</p> <p>Such decision which looks visibly correct sometimes create a huge challenge for the buyers by shortlisting obsolete / refurbished model & also impact the goodwill of the OEM whose name is visible on the supplied model.</p> | <p>Customer can cross verify the product information from OEM website whether the model offered is latest or an obsolete one, technical specification offered is correct based on which the decision made should meet the user requirements.</p> |
| 3. | <p>After closing, bid participation details: 1. Do not reflect the price that the sellers have quoted 2. No reason for disqualification is mentioned.</p> | <p>Bid participation details same as what was visible in GeM 2.0 – seller name, brand quoted and price, as well as reason for rejection should be made available</p> | <p>The whole purpose of GEM was to have buyer / seller transparency and give opportunity to all potential sellers.</p> <p>Not opening the price and disqualification at will, without giving reason goes against the very ethos of transparency on which GeM was founded.</p> |
| 4. | <p>Special Terms and Conditions that can be appended to bids by customers are presently restricted to a few preset options.</p> | <p>A meeting with adequate representations from all stakeholders should be convened under the aegis of GeM SPV with a view to come up with a comprehensive list of STCs which would cater to the</p> | <p>Ability to better articulate upfront to prospective suppliers the terms and conditions on which they intend to procure products due to specific organizational policies or situational compulsions</p> |

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| | | needs of diverse buyer organizations | |
| 5. | Inability to sell turnkey solutions. | GeM SPV should facilitate procurement of integrated turnkey solutions in sectors as diverse as Education, Healthcare, Skill Development etc. | There would be manifold savings and decrease in the time to roll out key government initiatives if the turnkey solutions to facilitate the implementation of these were available on the GeM portal. |
| 7. | Lack of ability of the customer to discern the quality of products available on GeM. Any IT hardware product is more than the sum of the major components that constitute it. How well it is designed, the quality of every component used and the plant and machinery used to manufacture it all determine the build quality of the product. These are the very parameters that are assessed during various certification processes. | GeM SPV should facilitate information pertaining to globally recognized certifications that products on its platform have undergone so that buyers can make an informed choice. | Buyer would be able to make an informed choice and be able to weigh the additional cost with the benefits of superior quality and decide what is the most appropriate product for his requirement. |

B. Operational Issues: Alert for Malpractices

| S. No | Issue | Suggestion | Benefit to Customer |
|-------|---|--|--|
| 1. | A deletion of a product due to End of Life by OEM should automatically have cascading deletions of the same product from reseller catalog | If an OEM has declared a product EOL, then there is no merit in letting a reseller sell the same product as this would invariably lead to situations of a buyer buying obsolete products which may not be supportable by the OEM | The customer will be assured that he is not accidentally procuring EOL products. |
| 2. | Orders not being released for months despite the bid results being opened and L1 bidder in sight | There should be a stipulated 1-week period within which order is to get released. | Customers will get timely delivery of product. |
| 3. | Option to split large orders between L1 and L2 | There is a precedence of the customer splitting large orders between two or more brands | There may be a situation in which one entity may not have the full quantity readily available for timely delivery which may be addressed effectively |

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| 4. | Reverse Auction to get closed after the cut-off day & time with no further extension | <p>Keeping in view that all bidders have sufficient opportunity to offer their best competitive rates till the cut-off day & time, any further extension will only delay the whole procurement cycle & may kindly be stopped to expedite the whole process.</p> <p>Reverse auction by Cut-off date should be removed.</p> | Customer will be able to close the procurement cycle in a defined timeline, which is a huge saving in terms of time, money & efforts of the people involved in the whole procurement process. |
| 5. | Ineffective helpdesk leading to poor redressal of customer issues. The helpdesk professionals seem to lack basic understanding of IT products unable to distinguish between Desktops and Workstations for example. | GeM SPV should staff its helpdesk, category-wise with professionals who have at least a basic understanding of the class of products being sold and the challenges commonly encountered by the customers. | Buyer would be able to have most of their issues sorted out in a much more efficient and satisfactory manner. |
| 6. | <p>After Bidding, Unauthorized Reseller is L1. Buyer is not able to reject the unauthorized reseller as he has technically put compliance or copied OEM product and put a lower price tag. OEMs inform Buyers and also warn them that the unauthorised Reseller may give another make or fake products or secondhand products and OEMs will not standby such products. The Buyer laments and complains that they have no means to cancel such orders on account of fake Reseller giving full technical compliance and being L1</p> | <p>Buyer can request OEM/GeM to confirm the authenticity of Reseller by asking if the Reseller is authorised by the OEM.</p> <p>Buyer should have the option to reject L1 and give order to L2 or others after the technical compliance stage to protect their interests and investments on account of service and OEM-backed warranty against manufacturing defects.</p> | <p>This will help meet two objectives of GeM</p> <p>a) Avoid a mutual understanding / connivance between unauthorized Reseller and Buyer to split the profits and the Buyer is left with substandard or wrong products then they had intended to buy.</p> <p>b) The genuine Buyer interests of support and service and genuineness of the products is protected.</p> |
| 7. | The Buyer wants to give order to specific organization /OEM because of their product quality and long term sustained after sales service not only in cities but also at remote locations or terrains . | Buyer should have option to use their past such experiences to reject such technically qualified bids as well with due justification based on past performance of the Seller. | This will benefit the customer/Buyer in getting continuous / sustained quality response and after sales support both in warranty and out of warranty as the SELLER will |

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| | <p>The buyer wants to disqualify the seller who is L1 or L2 and in previous transactions, they have found that the Seller after sales service is not upto the standards or level or promptness as desired by them</p> | | <p>now be accountable to provide good support services or be at a risk of being rejected in next bid on account of poor services. Also the Seller will ensure proper service to Buyer.</p> |
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