

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

IT&C Department - Involvement of Small and Medium Enterprises (SMEs) in e-Governance Projects – to support SMEs to participate and execute e-Governance projects  
- Orders issued - Reg.

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**INFORMATION TECHNOLOGY AND COMMUNICATION DEPARTMENT**  
**(e-Governance)**

**G.O.Rt.No. 223**

**Date: 31.08.2010**  
Read the following:-

D.O.Lr. 2(9)/2009 - EG – II, dt: 16.06.2010 from Joint Secretary, DIT, GoI

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**ORDERS:**

In the D.O. Letter read above Government of India informed that, Small and Medium Enterprises (SMEs) are recognized as an important constituent of the National Economies, Contributing significantly to employment expansion and innovation. Recognizing the importance of Small and Medium Enterprises, the Central and State Governments have been implementing several schemes and programmes for promotion and development of these enterprises.

2. The National e-Governance Plan (NeGP) of Government of India is aiming at making all Government services accessible to the common man in his locality, through common service delivery outlets and ensuring efficiency, transparency and reliability of such services at affordable costs. e-Governance in India is presenting huge business opportunities for IT consulting, hardware/software companies through these Mission Mode Project implementations across the country. Large IT companies are aggressively working towards capturing such opportunities. IT SMEs in India also have potential, capabilities, knowledge and innovative solutions; however they are not able to take part and contribute due to various constrains / conditions in such initiatives such as high annual turnover requirements, experience in executing large projects etc.,

3. Department of Information Technology (DIT) under the Ministry of Communications and Information technology, Govt. of India has constituted a group to explore the possibilities and the ways/ methodologies to involve SMEs in the e-Governance initiatives being implemented across the country.

4. SMEs play a crucial role in the design and implementation of e-Governance initiatives. 80% of the IT companies are SMEs and contribute 30% of IT exports. No Major MMP project under NeGP/ other large e-Governance projects have been awarded to IT SMEs. However, large IT companies winning e-Gov projects do outsource some part of it to IT SMEs they have already identified. Some of the key challenges being faced by IT SMEs while bidding for e-Governance tenders include the following:

1. Process – Lack of relevant background to compete in the bidding process
2. Infrastructure and Finance – Lack of supporting infrastructure leading to higher costs
3. Information and Capacity Building – Lack of central information source regarding tenders and market intelligence.
4. Vision and Credibility – lack of a platform to differentiate their good work from others
5. Linkages – Lack of platform to contact the large companies for the right opportunities

5. Government, having examined the DIT suggestions and after careful consideration, hereby order the following to enable SMEs to bid for the e-Governance projects:

- a. As per ICT policy 2010-2015. SME means Small & Medium IT/ITES Companies/Units/Enterprises with turnover of more than Rs.50 lakhs and less than Rs.10 crores per annum.

The SMEs may be grouped into three categories

- i. First group SME – (1) Turnover of more than Rs.50 lakhs and less than Rs. 200 Lakhs per annum
  - ii. Second group SME – (2) Turnovers more than Rs.200 lakhs and less than Rs.500 Lakhs per annum and
  - iii. Third group SME – (3) Turnover of more than Rs.500 lakhs and less than Rs.1000 lakhs per annum.
- b. APTS will maintain a vendor registration with minimum pre-qualification criteria such that the SMEs are qualified. APTS may charge Rs.500/- from each SME for registration purpose. APTS will also provide for online filing of applications.

- c. Ensure that all e-Governance, IT related tender notices are published in IT Department website such as [www.apit.gov.in](http://www.apit.gov.in), [www.aps.gov.in](http://www.aps.gov.in), [www.ieg.gov.in](http://www.ieg.gov.in) to enable all IT/ITES organizations to have the information on opportunities.
- d. Bids for the System Integration (SI) projects with cost of Rs. 25 lakhs and below should be called from empanelled vendors of category SME-1.
- e. Bids for the System Integration (SI) projects with cost of above Rs. 25 lakhs and below Rs. 100 Lakhs should be called from empanelled vendors of category SME-2.
- f. Bids for the System Integration (SI) projects with cost of above Rs. 100 lakhs and below Rs. 250 Lakhs should be called from empanelled vendors of category SME-3.
- g. Bids for the System Integration (SI) projects with cost of above Rs. 250 Lakhs should be invited by open competitive bidding.
- h. System Integration (SI) projects with cost of above Rs. 250 Lakhs, the tender document should have clause stating that minimum 10% of the contract value shall be outsourced to non related (not having any equity in the SME) SMEs by the prime bidder.
- i. Sub contracting is permitted for the following activities. Bidder shall ensure minimum one of the activities shall be outsourced to SME empanelled by Government of Andhra Pradesh. The areas can be outsourced are but not limited to:
  - 1. Application testing
  - 2. Requirement Engineering, Business Modeling
  - 3. Module Design & development
  - 4. Digitization
  - 5. Localization of application etc.
  - 6. Networking
  - 7. Annual Maintenance
  - 8. Facility Management and Call center services
  - 9. Special areas (Biometrics, GIS, GPS etc.)
- j. Wherever specialized work is involved in the System Integration (SI) project, consortium consisting of principal bidder and SME with Specialized skill shall be permitted.
- k. The prime bidder has to indicate the SME partner details at the pre-Qualification, Technical stage and also Commercial stage. Bidder not indicating SME details in any stage of the bid will be rejected at the respective stage. Supporting document like: JV, MoU etc., should be enclosed with detailed terms and conditions in the bid.

6. Government departments procuring software and hardware products/e-Governance initiatives directly are requested to source from APTS empanelled vendors from the three (3) categories / groups to ensure fair opportunities to SMEs to ensure quality services on competitive basis.
7. These orders are also available in AP Government website [www.ap.gov.in/goir](http://www.ap.gov.in/goir)

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K RATNA PRABHA  
PRINCIPAL SECRETARY TO GOVERNMENT

To  
The Managing Director, AP Technology Services Ltd., Hyderabad  
The Director, STPI  
The Regional Director, NASSCOM  
The President ITAP  
The President ESC, AP  
All Departments of the Secretariat  
All Heads of departments  
All District Collectors  
The Pay and Accounts Officer, Hyderabad  
The Director Treasuries and Accounts, Hyderabad  
The Accountant General, A.P.I., Hyderabad.

Copy to:

The P.S. to Joint Secretary, DIT, GoI  
The P.S. to Prl. Secretary, IT  
The President, NASSCOM  
SF/SC

// FORWARDED : : BY ORDER //

SECTION OFFICER