

# SIGNALLING INTENT: THE HINDU EDITORIAL ON GOVERNMENT E-MARKETPLACE AND COUNTRY OF ORIGIN CLAUSE

Relevant for: Indian Economy | Topic: Issues relating to Planning & Economic Reforms

The Centre's decision to make it mandatory for vendors on the Government e-Marketplace (GeM) procurement platform to [specify the country of origin of new products](#) listed by them is on the face of it unexceptionable, aimed as it is at promoting India-made goods. Apart from the place of manufacture, the platform's administrators have also sought details on the extent of local content and set guidelines on the percentage of localisation for enabling procurement in the case of bids of a specified value. However, the timing and thrust of the announcement — set in the backdrop of the government's new-found push for self-reliance in the wake of the COVID-19 pandemic and its devastating impact on the global economy, coupled with the recent heightened border tensions with China — raises several questions. The government's attempts to raise the share of manufacturing in the economy through the 'Make in India' programme have so far failed to significantly boost investment in new, cutting-edge technology-driven or export-oriented industries and instead only taken the country back to import substitution plants making goods predominantly for domestic consumption. To that extent, the drive for self-reliance and greater localisation risks once again eroding Indian industry's global competitiveness by placing a premium on 'Indianness' over quality or cost.

The Centre's move with its GeM portal has also predictably kindled and amplified a gathering clamour for the identification and subsequent boycott of Chinese products including on private e-commerce platforms. The weaponisation of trade ties, especially one where India's reliance on imports from China now extends beyond smartphones and low-cost electronics to heavy machinery and active pharmaceutical ingredients, is a double-edged sword and fraught with risks for the Indian economy as well. India's drug makers, who are seeking to entrench themselves as a pharmacy to the world amid the pandemic and accompanying rush for affordable generic treatments, depend on the northern neighbour for about 70% of their requirements of bulk drugs and intermediates. For India to wean itself off these dependencies will take time. The fact is that enhancing manufacturing capacities with improved efficiency and reduced cost would require an overhaul of bureaucratic processes. Attaining genuine self-reliance is a long and capital intensive process that would require far greater investment in education, skill-building and infrastructure. The GeM move on country of origin is at best symbolic. For now, policymakers ought to tone down any trade-linked rhetoric and give diplomats and military negotiators the room to smoothe ties.

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