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Tender for \$35 laptop project cancelled

Harsimran Julka & Gulveen Aulakh, ET Bureau Jan 18, 2011, 11.54pm IST

NEW DELHI: The government's ambitious \$35 laptop project has hit a roadblock. The tender for the \$35 laptop termed 'Sakshat' has been cancelled, and the government is now issuing a new tender, as the earlier vendor failed to furnish a bank guarantee of Rs 60 crore. The \$35 laptop was scheduled to be launched by January 15, 2011.

According to sources close to the project, [HCL Infosystems](#) was selected as a vendor for the \$35 laptop. A mail being circulated inside the Ministry of HRD seen by ET says that 'the vendor shortlisted for the delivery of these devices has started listing some additional, unacceptable, conditions.'

A senior official in the Ministry leading the project told ET that the vendor did not agree to furnish a Rs 60 crore bank guarantee, which is required under the government's General Financial Rules, 2005. A bank guarantee indemnifies the government in case a vendor fails to deliver the project. As a result, MHRD cancelled the previous order and has re-advertised.

"Yes, we have re-issued a new tender. The matter will be sorted out in a few weeks," the official said. "The Sun will rise in 2011," he added. Largest domestic PC maker HCL Infosystems however said it had only bid for the latest Expression of Interest in the tender, and had no information of a decision being taken. "We congratulate the Government for their vision on the \$35 Tablet. We have no information of a decision being taken. When government was seeking collaboration, we were one of the first to partner it," a company statement said.

It's imperative to note that Minister for Human Resource and Development Kapil Sibal in a ceremony last year had announced that the laptop will be launched by January 15, 2010. The government had also allocated \$6.5 million for the ambitious project. The initial order was for a 100,000 tablets, to be based on Google's Android operating system.

A spokesperson from the Ministry of HRD said that the \$35 laptop project is on schedule and now it plans to launch the laptop in the mid of 2010. "It was HCL who had claimed the launch to be around January, 2011," the spokesperson said.

According to a government source, the laptop components alone were costing the vendor Rs 5700 without taking into account the import duties and logistics. The government was however planning to sell it at Rs 1500 per piece. "Disagreement on the financial cost with the vendor led to the tender cancellation," said a source close to the project.

The government is also planning to take help of IIT alumni in sourcing components from new suppliers from Taiwan and Korea regarding the project. Tech analysts however say that components alone cost higher than \$35 price and it would be difficult for suppliers to meet the price without subsidy. "The microprocessor and screen would alone costs over \$35 in the market," said Vishal Bhatnagar, IT analyst with Gartner Inc.

It's not the first time that MHRD has failed to deliver. Earlier in 2009, it's \$10 laptop had turned out to be a pen drive!

