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17/2014

RBS No. 4 /2014

भारत सरकार BHARAT SARKAR  
रेल मंत्रालय MINISTRY OF RAILWAYS  
रेलवे बोर्ड RAILWAY BOARD

No: 2011/RS(G)/779/9

New Delhi, dated : 4 .7.2014

The General Manager, All Indian Railways & PUs including NF(C)  
The General Manager, CORE, Allahabad  
The General Manager, Metro Railway, Kolkata  
The Director General, RDSO, Lucknow & Railway Staff College, Vadodara  
CAO/Workshop Projects organization, Patna  
CAO/DMW, Patiala and COFMOW, New Delhi  
CAO/RCF/RBL/Old TA Building, Kishan Ganj, New Delhi.  
CAO/RWP/Bela,  
MDs, all PSUs/Autonomous units under Ministry of Railways

**Sub: Preference to Domestically Manufactured Electronic Products in procurement.**

- Ref:**
- (1) Notification No. 8(78) 2010-IPHW dt. 10.2.12 (main policy issued by M/o Communication & Information Technology). - Annexure-I
  - (2) No. 18-07/2010-IP dt. 5.10.12 (Notification of DOT for Telecom Products) - Annexure-II
  - (3) No. 8(41) 2012-IPHW dt. 17.12.12 (Notification of Deity for Desktop PCs & Dot Matrix Printers) - Annexure-III
  - (4) No. 8(41) 2012-IPHW dt. 22.1.13 (Notification of Deity for Laptop PC) - Annexure-IV
  - (5) No. 8(41) 2012-IPHW dt. 22.1.13 (Notification of Deity for Tablet PC) - Annexure-V
  - (6) No. 8(41) 2012-IPHW dt. 12.3.13 (Notification of Deity for Smart Card) - Annexure-VI
  - (7) No. 8(49) 2012-IPHW dt. 27.5.13 (Notification of Deity for LED Products) - Annexure-VII
  - (8) Guidelines issued by M/o Communications and Information Technology, Deptt. of Electronics & Information Technology-Deity's letter No. 8(78)/2010-IPHW dt.12.6.2013 - Annexure-VIII
  - (9) Revised policy issued by M/o Communications and Information Technology, Deptt. of Electronics and Information Technology-Deity's letter No. 33(3)/2013- IPHW dt. 23.12.2013 - Annexure-IX

1. With a view to provide Preference to Domestically Manufactured Electronic Products in govt. procurement for its own use and not with a view to commercial sale or with a view to use in the production of goods for commercial sale, Ministry of Communications and Information technology has notified a policy on 10.2.2012 (Ref. 1 above) which is later revised vide notification dated 23.12.2013 (Ref. 9 above). The policy is applicable to all Ministries/department (except Ministry of Defence) and their agencies. It is also applicable for procurement of electronic products made under all centrally sponsored schemes and grants made by central government.

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2. The policy envisages that each Ministry/department shall notify the sector specific electronic products for which preference would be accorded to domestically manufactured electronic products. Generic products which are procured across sectors such as computers, communication equipments etc. would be notified by the department of electronics and information technology/telecommunication as the case may be.
3. As per the para 8 of the policy detailed guidelines for operationalising the policy are also issued by Ministry of Communications and Information Technologies.
4. As per the requirement of the policy, various generic electronic products, along with the percentage of procurement to be made from domestically manufactured electronic products and domestic value addition requirement which the electronic product should satisfy for the product, qualified as domestically manufactured electronic product have been notified by the concerned Ministry/Department which are as under:-

S. No.	Notifying Ministry/Department	Notification No. & date	Product name	Annexure placed at
1.	DOT	18-07/2010-IP dt. 5.10.12	Telecom Products	II
2.	Department of Electronics and Information Technologies, Ministry of Communication and IT	8(41) 2012-IPHW dt. 17.12.12	Desktop PCs & Dot Matrix Printers	III
3.	Department of Electronics and Information Technologies, Ministry of Communication and IT	8(41) 2012-IPHW dt. 22.1.13	Laptop PC	IV
4.	Department of Electronics and Information Technologies, Ministry of Communication and IT	8(41) 2012-IPHW dt. 22.1.13	Tablet PC	V
5.	Department of Electronics and Information Technologies, Ministry of Communication and IT	8(41) 2012-IPHW dt. 12.3.13	Smart Card	VI
6.	Department of Electronics and Information Technologies, Ministry of Communication and IT	8(49) 2012-IPHW dt. 27.5.13	LED Products	VII

5. Ministry of Railway, after examination, has not notified any railway specific product. Any Railway specific product, if considered suitable for notification under the policy, shall be informed.
6. The policy, detailed guidelines for operationalising of the policy and above notifications provide detailed actions to be taken by procuring agencies in the

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process of providing preference to domestically manufactured electronic goods and are self explanatory. Based on these, your tender conditions must be suitably modified to include various provisions of the policy and preference under the policy must provide to domestically manufactured electronic products notified under the policy.

This is issued with the concurrence of Finance Dte. of Ministry of Railways.

Please acknowledge receipt.

DA : As above

*Santosh Mittal*  
(Santosh Mittal)  
Dy. Director Railway Stores (G)  
Railway Board

No: 2011/RS(G)/779/9

New Delhi, dated : 4.7.2014

1. FA&CAOs, All Indian Railways & Production Units.
2. CMEs, CEEs, CSTEs, All Indian Railways & PUs, WPO/Patna, RCF/RBL.
3. The ADAI(Railways), New Delhi (with 10 spares copies)
4. The Director of Audit, All Indian Railways.

*AM*  
for Financial Commissioner / Railways

No. 2011/RS(G)/779/9

New Delhi, dated: 4.07.2014

1. The COSs, All Indian Railways/PUs, NF(C), Metro Railway, Kolkata, COFMOW, CORE, WPO & RWP/Bela
2. PCEs, All Indian Railways & PUs, COFMOW, DMW, WPO, RCF/RBL, and RWP/Bela
3. The Directors--
  - a. Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad
  - b. Indian Railway Institute of Mech. & Elec. Engg., Jamalpur
  - c. Indian Railway Institute of Elect. Engg., Nasik
  - d. Sr. Prof. (Material. Management), Railway Staff College, Vadodara
  - e. Indian Railway Institute of Civil Engg., Pune
  - f. Indian Railway Institute of Logistics & Materials Management, IDA House, Sector IV, R K Puram, New Delhi
4. CMM/RCF/RBL, Kishan Ganj, Delhi
5. Chairman, Railway Rates Tribunal, Chennai
6. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata
7. Executive Director (Stores), RDSO, Lucknow
8. Chief Commissioner, Railway Safety, Lucknow
9. Zonal Railway Training Institute, Sukadia Circle, Udaipur
10. Dy. CMM, WPO, 1<sup>st</sup> Floor, Chamber Bhawan, JC Road, Patna

*Santosh Mittal*  
(Santosh Mittal)  
Dy. Director Railway Stores (G)  
Railway Board

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No. 2011/RS(G)/779/9

New Delhi, dated : 4.7.2014

Copy to :

1. The General Secretary, AIRF, 4 State Entry Road, New Delhi.
2. The General Secretary, NFIR, 3 Chelmsford Road, New Delhi.
3. The Secretary General, IRPOF, Room No. 268, Rail Bhavan, New Delhi
4. The Secretary General, FROA, Room No. 256-D, Rail Bhavan, New Delhi.
5. The Secretary General, AIRPFA, Room No. 256-D, Rail Bhavan, New Delhi

*Santosh Mittal*

(Santosh Mittal)

Dy. Director Railway Stores (G)  
Railway Board

Copy to:- Sr. PPSs/PPS/PS to :

- (i) MR, MOS(R)
- (ii) CRB, FC, ME, ML, MM, MS, MT, SECY., DG (RHS), DG (RPF)
- (iii) All AMs and Advisors of Railway Board
- (iv) All Executive Directors of Railway Board
- (v) All Directors of Elect., Engg., Finance, Mech., Stores, Signal & Telecom Dte. &
- (vi) All Branches of Elect., Engg., Finance, Mechanical, Stores, Signal & Telecom Dte.

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भारत सरकार  
रेल मंत्रालय  
(रेलवे बोर्ड)

सं. 2011/आरएस(जी)/779/9

नई दिल्ली, दिनांक 4.07.2014

महाप्रबंधक, सभी भारतीय रेलें एवं उत्पादन इकाइयां, पूर्वोत्तर सीमा(निर्माण) सहित।  
महाप्रबंधक, कोर, इलाहाबाद।  
महाप्रबंधक, मेट्रो रेलवे, कोलकाता।  
महानिदेशक, अ.अ.मा.सं. लखनऊ एवं रेलवे स्टाफ कॉलेज, वडोदरा।  
मुख्य प्रशासनिक अधिकारी/ वर्कशाप परियोजना संगठन, पटना।  
मुख्य प्रशासनिक अधिकारी/डीएमडब्ल्यू, पटियाला एवं कॉफमो, नई दिल्ली।  
मुख्य प्रशासनिक अधिकारी, रेल कोच फैक्टरी/आरबीएल/ओल्ड टीए बिल्डिंग, किशनगंज, नई दिल्ली।  
मुख्य प्रशासनिक अधिकारी, रेल पहिया संयंत्र/बेला।  
प्रबंध निदेशक, रेल मंत्रालय के अंतर्गत कार्यरत सार्वजनिक क्षेत्र के सभी उपक्रम

विषय:- खरीद में देश में निर्मित इलेक्ट्रॉनिक्स उत्पादों को वरीयता देना।

- संदर्भ: 1. दिनांक 10.2.12 की अधिसूचना सं. 8(78)2010-आईपीएचडब्ल्यू (संचार एवं सूचना प्रौद्योगिकी मंत्रालय द्वारा जारी मुख्य नीति) - अनुलग्नक-I.  
2. दिनांक 5.10.12 की अधिसूचना सं. 18-07/2010-आईपी (दूरसंचार उत्पादों के लिए दूरसंचार विभाग की अधिसूचना) - अनुलग्नक-II.  
3. दिनांक 17.12.12 की अधिसूचना सं. 8(41)2012-आईपीएचडब्ल्यू ((डेस्कटॉप पीसी और डॉट मैट्रिक्स प्रिंटर के लिए डीआईटीवाई की अधिसूचना) - अनुलग्नक-III.  
4. दिनांक 22.1.13 की अधिसूचना सं. 8(41)2012-आईपीएचडब्ल्यू (लैपटॉप पीसी के लिए डीआईटीवाई की अधिसूचना) - अनुलग्नक-IV.  
5. दिनांक 22.1.13 की अधिसूचना सं. 8(41)2012-आईपीएचडब्ल्यू (टैबलेट पीसी के लिए डीआईटीवाई की अधिसूचना) - अनुलग्नक-V.  
6. दिनांक 12.03.13 की अधिसूचना सं. 8(41)2012-आईपीएचडब्ल्यू (स्मार्ट कार्ड के लिए डीआईटीवाई की अधिसूचना) - अनुलग्नक-VI.  
7. दिनांक 27.05.13 की अधिसूचना सं. 8(49)2012-आईपीएचडब्ल्यू (एलईडी उत्पादों के लिए डीआईटीवाई की अधिसूचना) - अनुलग्नक-VII.  
8. संचार एवं सूचना प्रौद्योगिकी मंत्रालय, इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग द्वारा जारी दिशा-निर्देश - डीआईटीवाई का दिनांक 12.6.2013 का पत्र सं. 8(78)2010-आईपीएचडब्ल्यू-अनुलग्नक - VIII.  
9. संचार एवं सूचना प्रौद्योगिकी मंत्रालय, इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग द्वारा जारी संशोधित नीति - डीआईटीवाई का दिनांक 23.12.2013 का पत्र सं. 33(3)/2013-आईपीएचडब्ल्यू- अनुलग्नक-IX.

1. अपने उपयोग के लिए सरकारी खरीद में स्वदेश में निर्मित इलेक्ट्रॉनिक्स उत्पादों को वरीयता देने की दृष्टि से परन्तु व्यावसायिक बिक्री न करने के लिए अथवा व्यावसायिक बिक्री हेतु सामानों के उत्पादन के लिए उपयोग न करने की दृष्टि से, संचार एवं सूचना प्रौद्योगिकी मंत्रालय ने दिनांक 10.2.2012 को एक पॉलिसी

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अशोक

अधिसूचित की थी (उपर्युक्त संदर्भ 1) जिसे बाद में दिनांक 23.12.2013 की अधिसूचना के तहत संशोधित किया गया है (संदर्भ : यह पॉलिसी सभी मंत्रालयों/विभागों (रक्षा मंत्रालय को छोड़कर) और उनकी एजेंसियों के लिए लागू है)। यह केन्द्रीय रूप से प्रायोजित योजनाओं और केन्द्र सरकार द्वारा दिए गए अनुदानों के अंतर्गत किए गए इलेक्ट्रॉनिक सामानों की खरीद के लिए लागू है।

2. इसे नीति में यह उल्लेख है कि प्रत्येक मंत्रालय/विभाग, क्षेत्र विशेष से संबंधित इलेक्ट्रॉनिक उत्पादों को अधिसूचित करेंगे जिनके लिए स्वदेश में निर्मित इलेक्ट्रॉनिक उत्पादों को वरीयता दी जाएगी। सामान्य उत्पाद जिनकी सभी सेक्टरों में खरीद की जाती है; जैसे कम्प्यूटर, संचार उपकरण आदि को इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी/दूरसंचार, जैसा भी मामला हो, द्वारा अधिसूचित किया जाएगा।
3. इस नीति के पैरा 8 के अनुसार, संचार एवं सूचना प्रौद्योगिकी मंत्रालय द्वारा नीति के संचालन से संबंधी विस्तृत विवरण भी जारी किए जाते हैं।
4. इस नीति की आवश्यकता के अनुसार, देश में निर्मित इलेक्ट्रॉनिक्स उत्पादों से की जाने वाली खरीद की प्रतिशतता के साथ-साथ अनेक सामान्य इलेक्ट्रॉनिक्स उत्पाद और देश में निर्मित इलेक्ट्रॉनिक्स उत्पाद के रूप में अर्हता प्राप्त घरेलू मूल्य संवर्धन आवश्यकता जिसे उत्पाद के लिए इलेक्ट्रॉनिक उत्पाद को पूरा करना चाहिए, को संबंधित मंत्रालय/विभाग द्वारा अधिसूचित किया गया है, जो निम्नानुसार हैं:

क्र. सं.	अधिसूचित करने वाला मंत्रालय/विभाग	अधिसूचना सं. एवं तिथि	उत्पाद का नाम	प्रस्तुत अनुलग्नक
1.	दूरसंचार विभाग	18-07/2010-आईपी, दिनांक 5.10.12	दूरसंचार से संबंधित उत्पाद	II
2.	इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग, संचार एवं सूचना प्रौद्योगिकी मंत्रालय	8(41) 2012-आईपीएचडब्लू, दिनांक 17.12.12	डेस्कटॉप पीसी एवं डॉट मैट्रिक्स प्रिंटर	III
3.	इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग, संचार एवं सूचना प्रौद्योगिकी मंत्रालय	8(41) 2012-आईपीएचडब्लू, दिनांक 22.1.13	लैपटॉप पीसी	IV
4.	इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग, संचार एवं सूचना प्रौद्योगिकी मंत्रालय	8(41) 2012-आईपीएचडब्लू, दिनांक 22.1.13	टैबलेट पीसी	V
5.	इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग, संचार एवं सूचना प्रौद्योगिकी मंत्रालय	8(41) 2012-आईपीएचडब्लू, दिनांक 12.3.13	स्मार्ट कार्ड	VI
6.	इलेक्ट्रॉनिक्स एवं सूचना प्रौद्योगिकी विभाग, संचार एवं सूचना प्रौद्योगिकी मंत्रालय	8(49) 2012-आईपीएचडब्लू, दिनांक 27.5.13	एलईडी प्रोडक्ट्स	VII

5. रेल मंत्रालय ने जांचोपरांत, कोई भी रेल विशिष्ट उत्पाद अधिसूचित नहीं किया। यदि इस नीति के अंतर्गत कोई भी रेल विशिष्ट उत्पाद, अधिसूचना के लिए उपयुक्त समझा जाता है तो उसे सूचित किया जाएगा।

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अशोक

6. इस नीति में नीति के संचालन के लिए जारी किए गए विस्तृत दिशा-निर्देशों और उपर्युक्त अधिसूचनाओं में, खरीदकर्ता एजेंसियों द्वारा देश में निर्मित इलेक्ट्रॉनिक सामानों को वरीयता प्रदान करते हुए की जाने वाली कार्रवाई का उल्लेख है और ये स्वतः स्पष्ट हैं। इनके आधार पर इस नीति के विभिन्न प्रावधानों को शामिल करने के लिए निविदा शर्तों में उपयुक्त संशोधन किया जाना चाहिए और इस नीति के अनुसार, इस नीति के तहत अधिसूचित देश में निर्मित इलेक्ट्रॉनिक उत्पादों को वरीयता दी जानी चाहिए।

इसे रेल मंत्रालय के वित्त निदेशालय की सहमति से जारी किया जाता है।

कृपया पावती दें।

संलग्नक : यथोक्त

सन्तोष मित्तल  
(सन्तोष मित्तल)

उप निदेशक रेल भण्डार (सा.)-I  
रेलवे बोर्ड

सं. 2011/आरएस(जी)/779/9

नई दिल्ली, दिनांक 4.07.2014

प्रतिलिपि प्रेषित:

1. वित्त सलाहकार एवं मुख्य लेखाधिकारी, सभी भारतीय रेलें एवं उत्पादन इकाइयां।
2. सीएमई, सीईई, सीएसटीई, सभी भारतीय रेलें एवं उत्पादन इकाइयां, डब्ल्यूपीओ/पटना, आरसीएफ/आरबीएल।
3. एडीएआई (रेलें), नई दिल्ली (10 अतिरिक्त प्रतियों सहित)।
4. लेखा निदेशक, सभी भारतीय रेलें।

अशोक

कृते वित्त आयुक्त/रेलें

सं. 2011/आरएस(जी)/779/9

नई दिल्ली, दिनांक 4.07.2014

1. सीओएस/सभी भारतीय रेलें एवं उत्पादन इकाइयां, पूर्वोत्तर सीमा (निर्माण), मेट्रो रेलवे-कोलकाता, कॉफमो, कोर, डब्ल्यूपीओ और आरडब्ल्यूपी/बेला।
2. पीसीई, सभी भारतीय रेलें और उत्पादन इकाइयां, कॉफमो, डीएमडब्ल्यू, डब्ल्यूपीओ, आरसीएफ/आरबीएल, और आरडब्ल्यूपी/बेला।
3. निदेशक:-
  - क. भारतीय रेल सिग्नल इंजीनियरी एवं दूरसंचार संस्थान, सिकंदराबाद।
  - ख. भारतीय रेल यांत्रिक एवं बिजली इंजीनियरी संस्थान, जमालपुर।
  - ग. भारतीय रेल बिजली इंजीनियरी संस्थान, नासिक।
  - घ. वरिष्ठ प्रो. (सामग्री प्रबंधन), रेलवे स्टाफ कॉलेज, वडोदरा।
  - ड. भारतीय रेल सिविल इंजीनियरी संस्थान, पुणे।
  - च. भारतीय रेल लॉजिस्टिक एवं सामग्री प्रबंधन संस्थान, आईडीए हाउस, सेक्टर-IV, आर.के.पुरम, नई दिल्ली।

4. सीएमएम/आरसीएफ/आरबीएल, किशनगंज, दिल्ली।
5. अध्यक्ष, रेल दर अधिकरण, चेन्नै।
6. निदेशक, लौह एवं इस्पात, 3, कोयला घाट स्ट्रीट, कोलकाता।
7. कार्यपालक निदेशक (भंडार), अ.अ.मा.सं., लखनऊ।
8. मुख्य रेल संरक्षा आयुक्त, लखनऊ।
9. क्षेत्रीय रेल प्रशिक्षण संस्थान, सुकाडिया सर्कल, उदयपुर
10. डिप्टी सीएमएम/वर्कशॉप परियोजना संगठन, प्रथम तल, चैम्बर भवन, जे.सी. रोड, पटना।

सन्तोष मित्तल  
(सन्तोष मित्तल)  
उप निदेशक रेल भण्डार (सा.)।  
रेलवे बोर्ड

सं. 99/आरएस(जी)/709/1/पार्ट

नई दिल्ली, दिनांक 4.07.2014

**प्रतिलिपि प्रेषित:**

1. जनरल सेक्रेटरी, एआईआरफ, 4 स्टेट एंट्री रोड, नई दिल्ली।
2. जनरल सेक्रेटरी, एनएफआईआर, 3 चेम्सफोर्ड रोड, नई दिल्ली।
3. सेक्रेटरी जनरल, इरपोफ, कमरा नं. 268, रेल भवन, नई दिल्ली।
4. सेक्रेटरी जनरल, फ्रोआ, कमरा नं. 256-डी, रेल भवन, नई दिल्ली।
5. सेक्रेटरी जनरल, एआईआरपीएफए, कमरा नं. 256-डी, रेल भवन, नई दिल्ली।

सन्तोष मित्तल  
(सन्तोष मित्तल)  
उप निदेशक रेल भंडार (जी)-।  
रेलवे बोर्ड



## MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

(Department of Information Technology)

## NOTIFICATION

New Delhi, the 10th February, 2012

**Subject: Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement.**

**No. 8(78)/2010-IPHW.**—With increasing deployment of electronic devices and Information Technology (IT) applications in various sectors, the critical applications are vulnerable to cyber attacks. As use of electronics and IT becomes pervasive, the ability to use these devices or applications to disrupt normal human life and threaten life and property by an inimical interest has become increasingly common. Reports show that India has also suffered attacks on its critical infrastructure from agencies opposed to India. A malicious hardware can be triggered to launch an attack. The situation is further compounded because the technology has yet to develop which can definitively detect such malicious hardware.

2.1 The Government has, accordingly, laid down the following policy for providing preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications for the country and in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

**2.2 Scope**

2.2.1 Electronic product or products having security implications and agencies deploying them will be notified by concerned Ministry/Department.

The notified agencies will be required to procure the notified electronic

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⑨

product from a domestic manufacturer to the extent described in this notification. When the electronic goods are specified by the concerned Ministries/Departments, rationale for such items being covered as essential security interest may also be clearly detailed. Listing of electronic goods as security sensitive can also be done by a designated authority notified for this purpose by the Ministry/Department concerned which may take a project wise decision on which projects or project components are sensitive from the security angle.

2.2.2 In Government procurement, the policy will be applicable to all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale. Each Ministry/Department would notify the sector specific electronic product or products for which preference would be accorded to domestically manufactured electronic product or products. However, generic products, which are procured across sectors, such as, computers, communication equipment etc., would be notified by the Departments of Information Technology/Telecommunications, as the case may be.

2.2.3 The notification issued by each Ministry/Department for providing preference to domestically manufactured electronic product or products, either for reasons of security or for Government procurement, would specify the percentage of procurement to be made from domestically manufactured electronic product or products but it shall not be less than 30% of the total procurement value of that electronic product or products. Further each Ministry/Department would also specify the domestic value addition requirement which the electronic product should satisfy for the product to qualify as domestically manufactured electronic product. However, such specification should not be below the generic definition of domestically manufactured electronic products provided in para 2.3 below

2.2.4 The policy is also applicable to procurement of electronic hardware as a service from Managed Service Providers (MSPs).

**2.3 Domestically Manufactured Electronic Products.** The Domestically Manufactured Electronic Products are manufactured by companies that are registered and established in India and engaged in manufacture in India and would include Contract Manufacturers, but traders are excluded from the definition. These electronic products shall meet the following graded domestic value-addition in terms of Bill of Material (BOM) from domestic manufacturers

Percentage domestic value addition* in terms of BOM from domestic manufacturers	Year
25%	Year 1
30%	Year 2
35%	Year 3
40%	Year 4
45%	Year 5

\* The formula for Value-Addition:

- Product Price (Ex-Factory) : A
- Cost of Bill of Material (BOM) in 'A' : B
- BOM sourced from domestic manufacturers : C
- Value Addition in terms of BOM :  $(C/B) \times 100$

**3. Eligibility:** All companies registered in India and engaged in manufacture of electronic products in India are eligible for consideration under the policy.

**4. Procurement:** The procuring agencies shall follow their own procurement procedures, subject to meeting the requirement that specified percentage of procurement shall be of domestically manufactured electronic products.

4.1.2 Aggregation of annual requirements and such other procurement practices, which facilitate the implementation of this policy, may be adopted by procuring agencies.

4.2 Procurement by Government Ministry/Department or agencies under their administrative control

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4.2.1 Wherever the domestically manufactured electronic products are procured under this policy by a Government Ministry/Department or an agency thereof, such procurement shall be subject to matching of L1 price and on satisfying technical specifications of the tender.

4.2.2 For procurement by Government Ministries/Departments and agencies under their administrative control, the tender for procuring electronic products would normally specify that specified part of the procurement value would be awarded to the lowest technically qualified domestic manufacturer of electronic products, subject to matching with L1, if such bidders are available. The remaining will be awarded to L1, irrespective of whether he is a domestic manufacturer or not.

4.2.3 It is not necessary that each tender for the procurement of electronic product is split. If a tender cannot be split, either because the unit of procurement is small or because of technical reasons, or because no domestic manufacturer is available for the product, the procuring agency may ensure that the annual requirement of procuring the specified extent of electronic products from domestically manufactured products is achieved through suitable enhancements in other tenders.

4.2.4 The tender conditions would ensure that domestically manufactured electronic products are encouraged and are not subject to restrictive mandatory requirement of prior experience. However, procuring Department/agency may incorporate such stipulations as may be considered necessary to satisfy themselves of the production capability and product quality of the domestic manufacturer.

## **5. Compliance**

5.1 A suitable self-certification system would be devised to declare domestic value addition by the vendor. The system would also provide for checks by Standardization, Testing and Quality Certification (STQC) and other testing laboratories accredited by the Department of Information Technology. In cases of mis-declaration suitable penalties will be imposed. STQC would be strengthened for this purpose.



5.2 Each Ministry/Department shall annually obtain a declaration indicating the extent of compliance to the policy and reasons for non-compliance thereof from all procuring agencies under its administrative control.

5.3 Individual Departments/Ministries may provide for suitable incentives/disincentives for compliance under the policy.

6. **Electronic products:** In case of a question whether an item being procured is an electronic product to be covered under the proposed policy, the matter would be referred to the Department of Information Technology for clarification.

7. **Time period:** The policy will be valid for 10 years from the date of its notification in official gazette.

8. **Guidelines:** Detailed guidelines for operationalizing the proposed policy which would, inter alia, provide for modalities of self-certification by the vendor and the procuring agencies would be issued after the policy is notified. The relevant guidelines for procurement, in respect of the Government, Government PSUs and Government controlled institutions, would be issued with the concurrence of the Finance Ministry.

9. Some examples of typical procurement scenarios are illustrated in Appendix.

Dr. AJAY KUMAR, Jt. Secy.

Appendix

### SOME EXAMPLES OF TYPICAL PROCUREMENT SCENARIOS

#### Example 1

##### Procurement of 1 lakh Laptops

Under a Government project, it is intended to procure one lakh laptops. In order to fulfill 70:30 norm of the proposed policy, they have to procure 30,000 laptops from domestic electronic products manufacturer. The bid documents should specifically provide preference to domestically manufactured electronic products in terms of 30% of procurement value subject to matching of L1 price and on satisfying technical specifications of the tender. Suppose there are five bids. Consider DM as Domestic Manufacturer and NDM as No Domestic Manufacturer.

**Case 1:** After opening of commercial bids, position is like L1: DM1, L2: NDM1, L3: NDM2, L4: NDM3 and L5: DM2, then work will be awarded to DM1 vendor

**Case 2A:** After opening of commercial bids, position is like L1: NDM1, L2: NDM2, L3: NDM3, L4: DM1 and L5: DM2. NDM1 qualifies as L1, and DM1 is L4, then NDM1 has to provide 30% of the procurement value to DM1 at L1 prices

**Case 2B:** If DM1 refuses to undertake the tendered work at L1 prices, DM2 should be considered to supply at L1 prices.

**Case 3:** After opening of commercial bids, position is like L1: NDM1, L2: NDM2, L3: NDM3, L4: NDM4 and L5: NDM5. In this case, no domestic electronic product manufacturer is available; hence the full order will be awarded to NDM1

### **Example 2**

#### **Procurement of Super Computer**

Procuring agency desires to procure Super Computer with prescribed specification for Rs. 5 crore. Item cannot be split. The procuring agency is not able to apply 70:30 norm. Therefore, in subsequent procurement of electronic products by the said agency, it should provide an additional value of Rs. 1.5 crore (30%) for domestic manufactured electronic products.

### **Example 3**

#### **Procurement of switches by Telecom Licensee 'X' through a Managed Service Provider (MSP) 'A'**

Telecom Service Provider may only be procuring hardware services from MSP 'A'. However, 70:30 norm is applicable vide clause 2.1 of the proposed policy. Telecom Licensee 'X' is required to ensure 30% of the procured value that MSP 'A' provides through domestic electronic hardware products.

Ministry of Communications and Information Technology  
Department of Telecommunications

5<sup>th</sup> October, 2012

Notification

**Subject: Policy for Preference to domestically manufactured telecom products in procurement due to security considerations and in Government procurement - Notifying Telecom Products for Government Procurement in furtherance of the Policy**

**No. 18-07/2010-IP:** Department of Information Technology (DIT) has issued a Notification No. 8(78)/2010-IPHW dated 10<sup>th</sup> February, 2012 for providing preference to domestically manufactured electronic products as a part of procurement process for the electronic products that have security implications for the country, and are to be utilized in Government own use while ensuring that no commercial resale is involved. As per the notification, telecom products which are procured across sectors would be notified by the Department of Telecommunications (DoT).

2. In furtherance of the Policy notified *vide* reference cited above, the Department of Telecommunications has, accordingly, laid down the following policy for providing preference to domestically manufactured telecom products in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale and the policy shall come into force from the date of its publication in the Gazette of India and shall be in force for a period of ten years thereafter.

3. It is hereby notified that each Ministry or Department will procure minimum percentage of their telecom product requirement fulfilling minimum value addition prescribed against each item. For all the Ministries or Departments (except the Ministry of Defence) of Government and the agencies under their administrative control and for all Government funded telecom projects (e.g. NFS and projects funded by USOF like NOFN etc.), the list of telecom products indicating preferential market access and criteria to qualify as domestically manufactured product year-wise is given in Table-A.

4. The Preferential Market Access (PMA) and Value Addition (VA) indicated against each year are minimum and efforts should be made by domestic manufacturers to achieve higher value addition. The formula for calculation of value addition for telecom products shall also be as notified by Department of Electronics and Information Technology from time to time. All the telecom products which do not meet the minimum value addition criterion for that year shall be treated as imported telecom products and dealt accordingly.

5. Based on the availability of domestic products, the list of products as well as value addition for each product would be reviewed and notified by the Department of Telecommunications on periodic basis.

Table-A

Sl. No.	Telecom equipment Description	Year 2012-13 & 2013-14		Subject to Periodic Review based on new industry inputs/developments)							
				Year 2014-15		Year 2015-16		Year 2016-17		Year 2017-18	
		PMA	VA	PMA	VA	PMA	VA	PMA	VA	PMA	VA
1	Encryption/UTM platforms (TDM and IP)	100	45	100	50	100	55	100	60	100	65
2	Core/Edge/Enterprise routers	50	35	60	40	70	45	80	50	80	55
3	Managed Leased line Network equipment	75	35	100	40	100	45	100	50	100	55
4	Ethernet Switches (L2 and L3), Hubs, etc.	50	35	100	40	100	45	100	50	100	55
5	IP based Soft Switches, Media gateways	50	35	100	40	100	45	100	50	100	55
6	Wireless/Wireline PABXs	100	45	100	50	100	55	100	60	100	65
7	CPE (including WiFi Access points and Routers, Media Converters), 2G/3G Modems, Leased-line Modems, etc.	75	25	100	30	100	35	100	40	100	45
8	Set-Top Boxes	50	35	60	40	70	45	80	50	80	55
9	SDH/Carrier-Ethernet/Packet Optical Transport equipments	100	45	100	50	100	55	100	60	100	65
10	DWDM/CWDM systems	50	35	60	40	70	45	80	50	80	55
11	GPON equipments	75	35	100	40	100	45	100	50	100	55
12	Digital Cross-connects/MUXs	50	35	100	40	100	45	100	50	100	55
13	Small size 2 G/3 G GSM based Base Station Systems	75	35	100	40	100	45	100	50	100	55
14	LTE based broadband wireless access systems (eNodeB, EPC, etc.)	50	35	100	40	100	45	100	50	100	55
15	Wi-Fi based broadband wireless access systems (Access Point, Aggregation Block, Core Block, etc.)	100	35	100	40	100	45	100	50	100	55
16	Microwave Radio systems (IP/Hybrid)	75	35	100	40	100	45	100	50	100	55
17	Software Defined Radio, Cognitive Radio systems	50	35	100	40	100	45	100	50	100	55
18	Repeaters (RF/RF-over-Optical), IBS, and Distributed Antenna system	75	35	100	40	100	45	100	50	100	55
19	Satellite based systems – Hubs, VSAT etc.	50	35	100	40	100	45	100	50	100	55



20	Copper access systems (DSL/DSLAM)	50	35	60	40	70	45	80	50	80	55
21	Network Management systems	100	45	100	50	100	55	100	60	100	65
22	Security and surveillance communication systems (video and sensors based)	100	35	100	40	100	45	100	50	100	55
23	Optical Fiber Cable	100	45	100	50	100	55	100	60	100	65

PMA= Minimum Preferential Market Access to Domestically Manufactured Telecom Products in indicated financial year

VA= Minimum domestic Value Addition to qualify as Domestically Manufactured Telecom Products in indicated financial year

6. Telecom has emerged as a key driver of economic and social development in an increasingly knowledge intensive global scenario, in which India will play a leadership role. The Government has targeted to increase broadband coverage in the country up to 175 million by 2017 and 600 million by 2020. Additional Spectrum of about 500 MHz is proposed to be made available by 2020. In same way, the mobile subscriber base is targeted to reach 1200 million by 2017. Based on the TRAI report on Manufacturing Policy for Telecom Equipment, the demand of various telecom equipment in India and abroad is estimated as indicated in Table-B below:-

TABLE-B

Sl No.	Year	Global Total Demand (Rs. millions)	Indian Demand (Rs. millions)	% of Global Demand
1.	2012-13	16382550	769400	6.2%
2.	2014-15	19108610	965140	6.6%
3.	2016-17	22288280	1210670	7.1%
4.	2019-20	28076820	1700910	7.9%

The demand of various verticals of telecom equipment in India is estimated and detailed as in TABLE-C, as follows:-

TABLE-C

Wireless Equipment Demand (Rs. millions)		2015-16	2019-20
	Wireless Equipment	264440	444380
i)	2G Wireless	25320	-
	BTS Antenna	10130	-
	BSC	9110	-
	MSC/GMSC/HLR/VLR/EIR	6080	-
ii)	3G Wireless	101280	26450
	Node B	40510	10580
	RNC	36460	9520
	GGSN/SGSN	24310	6350
iii)	LTE/Mobile Wi-MAX/5G	126590	238100
	eNode B	75960	142860
	MME/SGW/PDG/SAE	50640	95240
	FAP	11250	27990
iv)	Mobile Handsets	384020	613100
	<b>Total</b>	<b>648460</b>	<b>1057380</b>

Wire-line Equipment		2015-16	2019-20
i)	Switches		
	Local	1640	1480
	Transit	1840	1660
ii)	STP	990	900
iii)	IN Platforms	500	450
	<b>Total</b>	<b>4960</b>	<b>4480</b>

IP & Packet Switching		2015-16	2019-20
i)	Switching		
	LAN Switches	107520	130690
	Ethernet/IP Aggregation	8060	12680
	Carrier Ethernet (Incl. above)	2020	9510
ii)	Routing		
	Edge IP/MPLS Routing	19350	30440
	Core IP/MPLS Routing	4840	7610
iii)	Packet Voice	7130	20890
	Soft switch	2850	8360
	SGW/MGW	2140	6270
	Session Border Controller	1070	3130
	Media/Voice App Servers	1070	3130
	<b>Total</b>	<b>146890</b>	<b>201310</b>

Broadband Equipment		2015-16	2019-20
i)	FTTX	38810	208700
	ONT/ONU	15520	83480
	OLT	23280	125220
ii)	DLS Broadband	31040	29810
	DSL Modem	15520	14910
	DSLAM	10870	7450
	MSAN	4660	7450
iii)	CMTS	7760	59630
	<b>Total</b>	<b>77610</b>	<b>298150</b>

Backhaul and Transmission		2015-16	2019-20
1.	Fibre/Optical		
	Optical	58110	79220
	SDH	31880	35880
	DWDM	19730	34880
	POTP(Incl. within SDH,DWDM/DXC)	27460	66770
	DXC	3300	3430
	Submarine Systems	3200	5030
2.	Microwave Backhaul	27240	39890
	PDH/SDH/Microwave	1360	800
	Ethernet Microwave	25880	39090
	<b>Total</b>	<b>78380</b>	<b>109600</b>

7. The procuring agencies shall follow the standard laid down procurement procedures, subject to meeting the requirement related to specified percentage of procurement being made from domestically manufactured telecom products as per this policy.

(i) aggregation of annual requirements and such other procurement practices, which facilitate the implementation of this policy, may be adopted by procuring agencies.

(ii) adhere the procurement of Telecom products by Government Ministries/ Departments or agencies under their administrative control and in Government Telecom Projects

(iii) wherever the domestically manufactured telecom products are procured under this policy by a Government Ministry or Department or an agency thereof or for telecom products, such procurement shall be subject to matching of L1 price and on satisfying technical specifications of the tender.

(iv) In case of the domestic manufacturer is not lowest bidder (L1), the specified part of the tender would be awarded to the lowest technically qualified domestic manufacturer, subject to matching with L1 price, if such bidder is available. The remaining part will be awarded to L1 bidder.

(v) It is not necessary that each tender for the procurement of telecom product is split between domestic and non-domestic manufacturer. If a tender cannot be split, either because the unit of procurement is small or because of technical reasons, or because no domestic manufacturer is available for the product, the procuring agency may ensure that the annual requirement of procuring the specified extent of telecom products from domestically manufactured products is achieved through suitable enhancements in other tenders.

(vi) The tender conditions would ensure that domestically manufactured telecom products are encouraged and are not subjected to restrictive products specifications are mandatory requirement of prior experience. The procuring agency may also rationally identify and evaluate predatory pricing by any bidder. However, procuring Department or Agency may incorporate such stipulations as may be considered necessary to satisfy themselves of the security, production capability and product quality of the manufacturer.

8. In case of a question whether an item being procured is a telecom product to be covered under the policy, the matter would be referred to the Telecommunications Engineering Centre (TEC), Department of Telecommunications for clarification.

9. The guidelines as notified by the Department of Electronics and Information Technology shall be followed for this purpose. In case of any doubt in respect of Telecom Products, reference shall be made to Telecommunications Engineering Centre (TEC), Department of Telecommunications or technical auditor as accredited by the Telecommunication Engineering Centre, Department of Telecommunications for the purpose.

10. The expressions or abbreviations used in this Notification have been detailed in the list below for easy understanding.

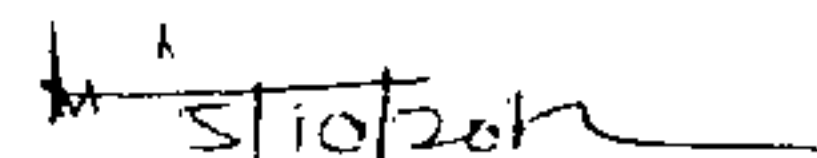
**List of Acronyms used in the notification**

Sl No.	Acronyms	Expansion
1.	2G	Second Generation
2.	3G	Third Generation
3.	4G	Fourth Generation
4.	5G	Fifth Generation
5.	ADSL	Asymmetrical Digital Subscriber Line
6.	ATMP	Assembly, Testing, Packaging And Marking
7.	BOM	Bill Of Material
8.	BSC	Base Station Controller
9.	BSS	Base Station Subsystem
10.	BTS	Base Transceiver Station
11.	BWA	Broadband Wireless Access
12.	CDMA	Code Division Multiple Access
13.	CN	Core Network
14.	CPE	Customer Premises Equipment
15.	CWDM	Course Wavelength Division Multiplexing
16.	DAS	Distributed Antenna System
17.	DeitY	Department of Electronics and Information Technology
18.	DSL	Digital Subscriber Line
19.	DSLAM	Digital Subscriber Line Access Multiplexer
20.	DWDM	Dense Wave Division Multiplexing
21.	DXC	Digital Cross Connect
22.	EIR	Equipment Identity Register
23.	EMS	Electronic Manufacturing Services
24.	EPABX	Electronic Private Automatic Branch Exchange
25.	FTTH	Fiber to the Home
26.	GGSN	Gateway GPRS Support Node
27.	GMSC	Gateway Mobile Switching Centre
28.	GPON	Gigabit Passive Optical Network
29.	GPRS	General Packet Radio Service
30.	GSM	Global Standard For Mobile
31.	HLR	Home Location Register
32.	HSPA	High Speed Packet Access
33.	IMS	IP Multimedia Subsystem
34.	IP	Internet Protocol
35.	LAN	Local Area Network
36.	LTE	Long Term Evolution
37.	MGW	Media Gateway
38.	MME	Mobility Management Entity
39.	MPLS	Multi-Protocol Label Switching
40.	MPLS-TP	MPLS Transport Profile
41.	MSAN	Multi-Service Access Node
42.	MSC	Mobile Switching Centre
43.	MUX	Multiplexer
44.	NGN	Next Generation Network
45.	NG-PON	Next Generation Passive Optical Network
46.	NFS	Network for Spectrum
47.	NOFN	National Optical Fibre Network
48.	OAN	Optical Access Network
49.	ODF	Optical-fiber Distribution Frame
50.	OFC	Optical Fibre Cable
51.	OLT	Optical Line Terminal
52.	ONT	Optical Network Termination
53.	ONU	Optical Network Unit
54.	OTN	Optical Transport Network
55.	PABX	Private Auto Branch Exchange



56.	PDH	Plesiochronous Digital Hierarchy
57.	PON	Passive Optical Network
58.	POTP	Packet Optical Transmission Platform
59.	RAN	Radio Access Network
60.	RLC	Radio Link Control
61.	RNC	Radio Network Controller
62.	ROADM	Reconfigurable Optical Add-Drop Multiplexer
63.	SDH	Synchronous Digital Hierarchy
64.	SONET	Synchronous Optical Networking
65.	STM	Synchronous Transport Modules
66.	STP	Signal Transfer Point
67.	TDM	Time Division Multiplexing
68.	USOF	Universal Service Obligation Fund
69.	VDSL	Very High Data Rate Digital Subscriber Line
70.	VLR	Virtual Location Register
71.	VSAT	Very Small Aperture Terminal
72.	WCDMA	Wideband Code Division Multiple Access
73.	WDM	Wavelength Division Multiplexing
74.	Wi-Fi	Wireless Fidelity
75.	Wi-Fi AP	Wireless Access Point
76.	WiMAX	Worldwide Interoperability For Microwave

[F.No. 18-07/2010-IP]



(Malay Shrivastava)

Joint Secretary to Government of India

Tel: +91 11 23717411

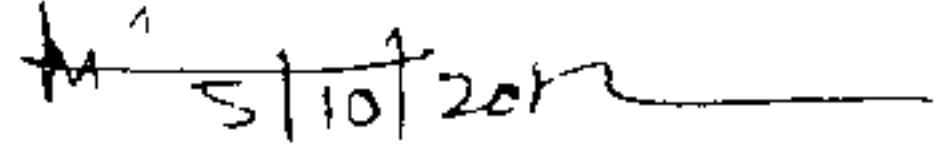
To  
The Manager  
Government of India Press  
Mayapuri, New Delhi

(21)

7

Copy to:

1. All concerned Ministries/ Departments of Government of India
2. Cabinet secretariat
3. PMO
4. Planning Commission
5. Comptroller & Auditor General of India
6. Joint Secretary, Department of Electronics and Information Technology,  
New Delhi- With reference to Notification No. 8(78)/2010-IPHW dated  
10.2.2012
7. PS to Hon'ble MOC&IT/Hon'ble MOSC&IT
8. PPS to Secretary(Telecom)/Additional Secretary(T)/Administrator, USOF
9. PPS Member(T)/Member(S)/Member(F)/Advisor(T)/Advisor(O)
10. Sr. DDG, TEC, Khurshid Lal Bhawan, New Delhi
11. JS(T)/JS(A)/CVO/All DDsG

  
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(22)

**F.No.8(41)/2012-IPHW**  
**Ministry of Communications and Information Technology**  
**Department of Electronics and Information Technology**

Dated: 17<sup>th</sup> December, 2012

**NOTIFICATION**

**Subject: Policy for Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy**

**Reference: Notification No.8(78)/2010-IPHW dated 10.2.2012**

The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy).

2. As per Clause 2.2.2. the Policy is applicable for Government procurement, whereby the policy will be applicable to all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. In furtherance of the Policy notified vide reference cited above, the Department of Electronics and Information Technology (DeitY) hereby notifies that preference shall be provided by all Ministries/Departments and agencies under their control to domestically manufactured Desktop PCs and Dot Matrix Printers as per the said policy. The details are as follows:

**(I) Desktop Personal Computers (PCs)**

**I(A) Definition:**

For the purpose of this Notification, a Desktop PC shall necessarily consist of a CPU, Memory, Hard disk drive, Keyboard, Mouse and a separate or integrated display unit and should be able to operate independently.

**I(B)**

Percentage of procurement for which preference to domestically manufactured Desktop PCs is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for the Desktop PCs to qualify as domestically manufactured
50%	30% in Year 1

**I(C) Criteria for BOM to be classified as domestic:**

The domestic BOM of Desktop PC would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Desktop PC	Value addition required for the input to be classified as domestic BOM
1	2
Processor	Domestic ATMP /fabrication or both
Memory	Domestic assembly of imported memory chips on imported / indigenously manufactured bare PCB/ Domestic ATMP/ fabrication/ or combination
Hard Disk Drive	Domestic assembly and testing from imported / indigenously manufactured parts and components
LCD Monitor	Domestic assembly from imported LCD Panel wherein plastic moulding and stamping of metal parts is done domestically and testing / Domestic fabrication of LCD Panel or both
DVD Drive	Domestic assembly and testing from imported / indigenously manufactured parts and components
Cabinet + SMPS	Domestically manufactured Cabinet and domestic assembly and testing of SMPS from imported / indigenously manufactured parts and components subject to the



Main inputs in BOM/stages for manufacture of Desktop PC	Value addition required for the input to be classified as domestic BOM
	condition that value of domestically manufactured parts and components used in the assembly of "SMPS" will be minimum 10% (of the total value of parts and components used in the manufacture of "SMPS") in Year 2, which will increase to minimum 20% (of the total value of parts and components used in the manufacture of "SMPS") in Year 3 and subsequent years
Keyboard/Mouse	Domestic assembly and testing from imported / indigenously manufactured parts and components
Motherboard	Domestic assembly and testing from imported / indigenously manufactured parts and components except value of bare PCB
Bare PCB	Domestically manufactured
Final Assembly/Testing and Design/ Development	Domestically assembled/tested and any Intellectual Property (IP) resident in India

## II. Dot Matrix Printers

### II(A) Definition:

A Dot Matrix Printer is a type of impact printer that forms dot on paper by a metal pin of diameter 0.2 mm to 0.3 mm which is driven by electromagnet based on solenoid principle and required character matrix is produced by horizontal and vertical resolution of dot matrix printhead. Dot matrix Printer can create carbon copies and carbonless copies based on mechanical pressure of pin.

### II(B)

Percentage of procurement for which preference to domestically manufactured Dot Matrix Printers is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for the Dot Matrix Printers to qualify as domestically manufactured
50%	40% in Year 1

## II(C) Criteria for BOM to be classified as domestic:

The domestic BOM of Dot Matrix Printer would be the sum of the cost of main inputs specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/ stages for manufacture of Dot Matrix Printer	Value addition required for the input to be classified as domestic BOM
1	2
Main PCB	Domestic assembly and testing from imported / indigenously manufactured parts and components subject to the condition that value of domestically manufactured parts and components used in the assembly of "Main PCB" will be minimum 10% (of the total value of parts and components used in the manufacture of "Main PCB") in Year 2, which will increase to minimum 15% (of the total value of parts and components used in the manufacture of "Main PCB") in Year 3 and subsequent years except value of bare PCB
Bare PCB	Domestically manufactured
SMPS	Domestic assembly and testing from imported / indigenously manufactured parts and components subject to the condition that value of domestically manufactured parts and components used in the assembly of "SMPS" will be minimum 10% (of the total value of parts and components used in the manufacture of "SMPS") in Year 2, which will increase to minimum 20% (of the total value of parts and components used in the manufacture of "SMPS") in Year 3 and subsequent years
Carriage Motors & Paper Feed Motors	Imported as sub assembly and tested domestically alongwith main Printer Mechanism

Main inputs in BOM/ stages for manufacture of Dot Matrix Printer	Value addition required for the input to be classified as domestic BOM
Front Control Panel	Domestic assembly and testing from imported / indigenously manufactured parts and components
Home Position/Paper End Sensors	Domestic assembly and testing from imported / indigenously manufactured parts and components
Main Printer Cabinet and other small plastic components	Domestic moulding of Printer Cabinet and other parts
Printer Mechanism Assembly	Domestic assembly using indigenously manufactured Rubber Platens, small rubber parts, sheet metal components, plastic gears and other plastic parts with turned steel shafts and above mentioned sensors and Motors
Print Heads and Interconnecting Cables	Domestic assembly and testing from imported / indigenously manufactured parts and components
Final Assembly/Testing and Design/ Development	Domestically assembled/tested and any Intellectual Property (IP) resident in India

4. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured goods than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

5. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2014.

6. The domestic value addition for Year 2 onwards shall automatically increase by 5% in terms of Policy referred to as above.

7. The implementation of this notification will be based on self-certification regarding value-addition in terms of Para 5.1 of the Policy cited as reference above.

8. The Preference shall be applicable for all Central Government procurement and agencies under their control as per the Policy referred above.


  
(Dr. Ajay Kumar)

Joint Secretary to Government of India  
Tel.: 24360160

New Delhi, Dated 17.12.2012

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India
6. AS&FA, Department of Electronics and Information Technology
7. Internal Distribution

  
(Dr. Ajay Kumar)

Joint Secretary to Government of India  
Tel.: 24360160

(28)



**F.No.8(41)/2012-IPHW**  
**Ministry of Communications and information Technology**  
**Department of Electronics and Information Technology**

Dated: 22<sup>nd</sup> January, 2013

**NOTIFICATION**

**Subject: Policy for Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy**

**Reference: Notification No.8(78)/2010-IPHW dated 10.2.2012**

The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy).

2. As per Clause 2.2.2, the Policy is applicable for procurement by all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. In furtherance of the Policy notified vide reference cited above, the Department of Electronics and Information Technology (DeitY) hereby notifies that preference shall be provided by all Ministries/Departments (except Defence) and agencies under their control to domestically manufactured Tablet PCs as per the said policy. The details are as follows:

**Tablet Personal Computers (PCs)**

**(A) Definition:**

For the purpose of this Notification, a Tablet PC shall necessarily consist of an Integrated Motherboard with on board CPU/Processor, Memory and Power Module; Display Panel (Touch Panel + LCD/LED Module) and integrated battery and should be able to operate independently.

(B)

Percentage of procurement for which preference to domestically manufactured Tablet PCs is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for the Tablet PCs to qualify as domestically manufactured
50%	30% in Year 1

(C) **Criteria for BOM to be classified as domestic:**

The domestic BOM of Tablet PC would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Tablet PC	Value addition required for the input to be classified as domestic BOM
1	2
Display Panel (Touch Panel + LCD/LED Module)	Domestic assembly and testing from imported / indigenously manufactured Touch Panel, LCD/LED Module or combination subject to the condition that from Year 3 onwards backlight assembly and testing of Display Panel shall be done domestically
Integrated Motherboard with on board CPU/Processor, Memory and Power Module	Domestic assembly and testing from imported / indigenously manufactured parts and components except value of bare PCB and Semiconductor BOM (i.e. the Semiconductor Chips and Modules on Integrated Motherboard) subject to the condition that the value of domestically manufactured parts and components used in the assembly of "Integrated Motherboard" will be minimum 10% (of the total value of parts and components used in the manufacture of "Integrated Motherboard") in Year 2, which will increase to minimum 20% (of the total value of parts and components used in the manufacture of "Integrated Motherboard") in Year 3 and subsequent years

Semiconductors (i.e. the Semiconductor Chips and Modules on Integrated Motherboard)	The value of only those Semiconductor Chips and Modules (including Processor and Memory) of the Integrated Motherboard <u>less</u> the value of their indigenous design (for which IP is resident in India), on which ATMP operations are carried out domestically, will be taken as domestic BOM*
Bare PCB	Domestically manufactured
Power Adapter	Domestic assembly and testing from imported / indigenously manufactured parts and components subject to the condition that the value of domestically manufactured parts and components used in the assembly of "Power Adapter" will be minimum 20%, (of the total value of parts and components used in the manufacture of "Power Adapter") in Year 2, which will increase to minimum 30%, 40% and 50% in Years 3, 4 and 5 respectively
Casing	Domestically manufactured Casing
Battery	Domestic assembly and testing from imported / indigenously manufactured parts and components
Accessories (Camera, Speaker, WiFi Antenna, etc.)	Domestic assembly and testing from imported / indigenously manufactured parts and components
(i) Final Assembly/Testing and (ii) Design/ Development	(i) Domestically assembled/tested and  (ii) Intellectual Property (IP) resident in India for any of the above items. The value of IP resident in India for any of the above items shall be reduced from its value in domestic BOM

\* This shall be reviewed when the Semiconductor Fab in India is operational

4. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured goods than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their

special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

5. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2014.

6. The domestic value addition for Year 2 onwards shall automatically increase by 5% in terms of Policy referred to as above.

7. For customized Tablet PCs / handheld devices based on Tablet technologies which involve additional (or different) accessories / components, the Department may issue a separate Notification.

8. The Department may review the Notification in case of technology / manufacturing ecosystem evolving differently from the one envisaged for this Notification.



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

New Delhi, Dated 22.1.2013

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India
6. AS&FA, Department of Electronics and Information Technology
7. Internal Distribution



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160



**F.No.8(41)/2012-IPHW**  
**Ministry of Communications and information Technology**  
**Department of Electronics and Information Technology**

Dated: 22<sup>nd</sup> January, 2013

**NOTIFICATION**

**Subject: Policy for Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy**

**Reference: Notification No.8(78)/2010-IPHW dated 10.2.2012**

The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy).

2. As per Clause 2.2.2, the Policy is applicable for Government procurement, whereby the policy will be applicable to all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. In furtherance of the Policy notified vide reference cited above, the Department of Electronics and Information Technology (DeitY) hereby notifies that preference shall be provided by all Ministries/Departments and agencies under their control to domestically manufactured Laptop PCs as per the said policy. The details are as follows:

**Laptop Personal Computers (PCs)**

**(A) Definition:**

For the purpose of this Notification, a Laptop PC (commonly known in the market as Laptop/Notebook/Netbook/Ultrabook, etc.) shall necessarily consist of a CPU, Memory, Hard disk drive, Keyboard, Touchpad and / or Trackpoint, an integrated display unit, integrated battery and should be able to operate independently.

(B)

Percentage of procurement for which preference to domestically manufactured Laptop PCs is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for the Laptop PCs to qualify as domestically manufactured
50%	25% in Year 1

(C) **Criteria for BOM to be classified as domestic:**

The domestic BOM of Laptop PC would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Laptop PC	Value addition required for the input to be classified as domestic BOM
1	2
Hard Disk Drive	Domestic assembly and testing from imported / indigenously manufactured parts and components
Display Panel (LCD, LED, etc.) + Back cover + Bezel	Domestic assembly and testing from imported/ indigenously manufactured Display Panel, Back cover and Bezel or combination subject to the condition that from Year 3 onwards:  (i) back cover shall be domestically manufactured <u>and</u>  (ii) backlight assembly and testing of Display Panel shall be done domestically.
DVD Drive	Domestic assembly and testing from imported / indigenously manufactured parts and components
Cabinet + Motherboard + Power Module	Domestic assembly and testing from imported / indigenously manufactured Cabinet, Motherboard, Power Module or combination except value of bare PCB and Semiconductor BOM (i.e. the Semiconductor Chips and Modules on Motherboard) subject to the conditions that:

Main inputs in BOM/stages for manufacture of Laptop PC	Value addition required for the input to be classified as domestic BOM
	<p>(i) value of domestically manufactured parts and components used in the assembly of "Motherboard + Power Module" will be minimum 10% (of the total value of parts and components used in the manufacture of "Motherboard + Power Module") in Year 2, which will increase to minimum 20% (of the total value of parts and components used in the manufacture of "Motherboard + Power Module") in Year 3 and subsequent years <u>and</u></p> <p>(ii) Cabinet shall be domestically manufactured from Year 3 onwards</p>
Semiconductors (i.e. the Semiconductor Chips and Modules on Motherboard)	The value of only those Semiconductor Chips and Modules (including Processor and Memory) of the Motherboard <u>less</u> the value of their indigenous design (for which IP is resident in India), on which ATMP operations are carried out domestically, will be taken as domestic BOM*
Bare PCB	Domestically manufactured
Power Adapter	Domestic assembly and testing from imported / indigenously manufactured parts and components subject to the condition that the value of domestically manufactured parts and components used in the assembly of "Power Adapter" will be minimum 20%, (of the total value of parts and components used in the manufacture of "Power Adapter") in Year 2, which will increase to minimum 30%, 40% and 50% in Years 3, 4 and 5 respectively
Keyboard/Touchpad and/or Trackpoint	Domestic assembly and testing from imported / indigenously manufactured parts and components
Battery	Domestic assembly and testing from imported / indigenously manufactured parts and components
(i) Final Assembly/Testing and	(i) Domestically assembled/tested and

Main inputs in BOM/stages for manufacture of Laptop PC	Value addition required for the input to be classified as domestic BOM
(ii) Design/ Development	(ii) Intellectual Property (IP) resident in India for any of the above items. The value of IP resident in India for any of the above items shall be reduced from its value in domestic BOM

*\* This shall be reviewed when the Semiconductor Fab in India is operational*

4. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured goods than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

5. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2014.

6. The domestic value addition for Year 2 onwards shall automatically increase by 5% in terms of Policy referred to as above.

7. The Preference shall be applicable for all Central Government procurement and agencies under their control as per the Policy referred above.



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

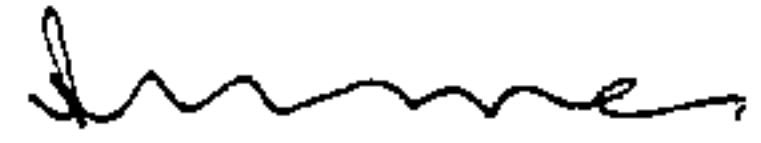
New Delhi, Dated 22.1.2013

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2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India



6. AS&FA, Department of Electronics and Information Technology
7. Internal Distribution



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

(37)

F.No.8(41)/2012-IPHW  
Ministry of Communications and information Technology  
Department of Electronics and Information Technology

Dated: 12<sup>th</sup> March, 2013

**NOTIFICATION**

**Subject: Policy for Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy**

**Reference: Notification No.8(78)/2010-IPHW dated 10.2.2012**

The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy).

2. As per Clause 2.2.2. the Policy is applicable for procurement by all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. In furtherance of the Policy notified vide reference cited above, the Department of Electronics and Information Technology (DeitY) hereby notifies that preference shall be provided by all Ministries/Departments (except Defence) and agencies under their control to domestically manufactured Smart Cards as per the said policy. The details are as follows:

**Smart Cards**

**(A) Definition:**

For the purpose of this Notification, Smart Card is usually a Credit Card sized plastic Card with an Integrated Circuit (IC) contained inside. The IC contains a microprocessor and memory. Smart Cards can be contact, contactless or dual interface (both contact and contactless). Some of the applications of Smart Card are Identity Card, Banking Card, Health Card, Vehicle Registration Card etc.

# **I(B) Contact Smart Cards**

Percentage of procurement for which preference to domestically manufactured Contact Smart Cards is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for Contact Smart Cards to qualify as domestically manufactured
50%	30% in Year 1 45% in Year 2 65% in Year 3 onwards*

# **I(C) Criteria for BOM to be classified as domestic for Contact Smart Cards**

The domestic BOM of Contact Smart Card would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Contact Smart Card	Value addition required for the input to be classified as domestic BOM
1	2
Plastic Card Body	Domestic manufacturing including sheet cutting & punching, printing, lamination and testing using imported/indigenously manufactured raw material, parts and components
IC Chip Module	Domestic assembly, packaging and testing of IC Chip Module using imported/indigenously manufactured raw material, parts and components *
Milling and Embedding of IC Chip Module on Plastic Card	Milling and Embedding of IC Chip Module on Plastic Card done domestically
(i) Final Assembly and Testing	(i) Domestically assembled/tested and
(ii) Design Development	(ii) Intellectual Property (IP) resident in India for any of the above items, including fusion of domestically developed Operating System. The value of IP resident in India for any of the above items shall be reduced from its value in domestic BOM

\* This shall be reviewed when the Semiconductor Fab in India is operational

**II(B) Contactless Smart Cards (includes dual interface cards)**

Percentage of procurement for which preference to domestically manufactured Contactless Smart Cards is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for Contactless Smart Cards to qualify as domestically manufactured
50%	40% in Year 1 50% in Year 2 70% in Year 3 onwards*

**II(C) Criteria for BOM to be classified as domestic for Contactless Smart Cards**

The domestic BOM of Contactless Smart Card would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Contactless Smart Card	Value addition required for the input to be classified as domestic BOM
1	2
Plastic Card Body	Domestic manufacturing including sheet cutting & punching, printing, lamination and testing using imported, indigenously manufactured raw material, parts and components
Card inlay (Antenna)	Domestic assembly and testing from imported / indigenously manufactured raw material, parts and components
IC Chip Module	Domestic assembly, packaging and testing of IC Chip Module using imported / indigenously manufactured raw material, parts and components *
Milling and Embedding of IC Chip Module on Plastic Card	Milling and Embedding of IC Chip Module on Plastic Card done domestically
(i) Final Assembly and Testing	(i) Domestically assembled, tested and
(ii) Design Development	(ii) Intellectual Property (IP) resident in India for any of the above items, including fusion of domestically developed Operating System. The



Main inputs in BOM/stages for manufacture of Contactless Smart Card	Value addition required for the input to be classified as domestic BOM
	value of IP resident in India for any of the above items shall be reduced from its value in domestic BOM

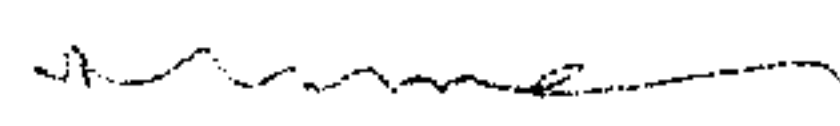
*\* This shall be reviewed when the Semiconductor Fab in India is operational*

4. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured goods than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

5. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2014.

6. The implementation of this notification will be based on self-certification regarding value-addition in terms of Para 5.1 of the Policy cited as reference above.

7. The Department may review the Notification in case of technology manufacturing ecosystem evolving differently from the one envisaged for this Notification

  
(Dr. Ajay Kumar)


Joint Secretary to Government of India

Tel.: 24360160

New Delhi, Dated 12.3.2013

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India
6. AS&FA, Department of Electronics and Information Technology
7. Internal Distribution

  
(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

Page 4 of 4

F.No.8(49)/2012-IPHW  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

Dated: 27<sup>th</sup> May, 2013

**NOTIFICATION**

**Subject: Policy for Preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy**

**Reference: Notification No.8(78)/2010-IPHW dated 10.2.2012**

The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy).

2. As per Clause 2.2.2, the Policy is applicable for procurement by all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. A Light Emitting Diode (LED) is an electronic device, which is essentially a PN junction opto-semiconductor that emits light when operated in a forward biased direction. LEDs convert electrical energy into light energy. Their applications encompass Illumination, Displays, Indicators, Back Lighting, Signage, Signalling, Mobile, Automotive, etc. Since LED products cut across sectors, they have been classified as generic electronic products in terms of the aforesaid policy.

4. In furtherance of the Policy notified vide reference cited above, the Department of Electronics and Information Technology (DeitY) hereby notifies that preference shall be provided by all Ministries/Departments (except Defence) and agencies under their control to domestically manufactured LED Products as per the said policy. The details are as follows:

**LED Products**

**(A) Definition:**

For the purpose of this Notification, LED products are those whose function is to utilize light produced by LEDs and spanning applications in the areas of: (i) Illumination, (ii) Optical Displays including True LED TVs, (iii) Backlighting, (iv) Signalling & Indication and (v) Transportation.

(B)

Percentage of procurement for which preference to domestically manufactured LED Products is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for the LED Products to qualify as domestically manufactured
50%	50% in Year 1

(C) **Criteria for BOM to be classified as domestic:**

The domestic BOM of LED Products would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table. However, the weightage of total cost of (d) Heat Sink or Thermal Management Solutions, (e) Secondary Optics and (f) System Fixture and Fitting shall not exceed 20% of the domestic BOM of the LED Product:

Main inputs in BOM/stages for manufacture of LED Products	Value addition required for the input to be classified as domestic BOM
1	2
(a) LED Emitter	Packaging from imported/domestically fabricated Bare LED Die subject to the condition that from Year 2 onwards, the Bare LED Die shall be domestically fabricated using imported/ indigenously manufactured inputs
(b) Driving Electronics	Domestic assembly from imported/ indigenously manufactured parts and components subject to the condition that the value of domestically manufactured parts and components (excluding the value of bare PCB) used in the assembly of "Driving Electronics" will be minimum 10% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 1, which will increase to minimum 20% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 2 and minimum 30% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 3 and in subsequent years

(c) Bare PCB including MCPCB	Domestically manufactured using imported/ indigenously manufactured inputs
(d) Heat Sink or Thermal Management Solutions	Domestically manufactured using imported/ indigenously manufactured inputs
(e) Secondary Optics	Domestically manufactured using imported/ indigenously manufactured inputs
(f) System Fixture and Fitting	Domestically manufactured
(g) Final Assembly / Testing	Domestically assembled / tested meeting Indian Standards as notified from time to time.

5. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured goods than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

6. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2014.

7. The domestic value addition for Year 2 onwards shall automatically increase by 5% in terms of Policy referred to as above.

8. The Department may review the Notification in case of technology / manufacturing ecosystem evolving differently from the one envisaged for this Notification.



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

New Delhi, Dated 27.5.2013



Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India
6. AS&FA, Department of Electronics and Information Technology
7. Internal Distribution



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160

45

File No: 8(78)/2010-IPHW  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

Dated: June 12, 2013

**GUIDELINES FOR PROVIDING PREFERENCE TO DOMESTICALLY  
MANUFACTURED ELECTRONIC PRODUCTS IN GOVERNMENT  
PROCUREMENT**

Reference: Policy Notification No.8(78)/2010-IPHW dated 10.2.2012

**1. Background**

1.1 The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No.8(78)/2010-IPHW dated 10.2.2012 (hereinafter called the Policy). Clause 8 of the said Policy states that detailed guidelines for operationalizing the policy would be issued after the policy is notified.

1.2 As per Clause 2.2.2, the policy is applicable to Government procurement, whereby the policy will be applicable to all Ministries/Departments (except Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale. In furtherance of the Policy notified through the reference cited above, the following guidelines are issued for procurement of notified electronic products by Government.

**2. Definitions**

- (i) "Bill of Material": Bill of Material (BOM), for the purposes of the Policy will be sum of costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) including parts, sub-parts, components, assemblies, manufacturing costs including

cost of design and development/ assembling / testing/ sourcing/ power/ finance/ logistics/ insurance done in-house, and/or by external Electronic Manufacturing Service provider, royalties and licensee fee for IPR, and/or in-house R&D costs incurred/amortized to create IPR resident in India, embedded and other software integral to the device. Packing material, brochures and user manuals which are integral to the device shall also be considered as part of BOM. The "profit after tax" and warranty cost of the manufacturer is not part of the BOM. Similarly, Sales and Marketing expenses including distribution charges, dealer commission, Branding and promotion are also not part of the BOM.

(ii) "Ex-factory price" is the price declared by the manufacturer of the electronic product. All duties and taxes levied on the electronic product shall not be part of ex-factory price.

(iii) "Bill of Material sourced from domestic manufacturers": BOM sourced from domestic manufacturers would be the sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) and which have not been imported. An imported material or service including royalty, IPR/technical fees, which is sold by a domestic trader or intermediary, shall not be considered as a domestically sourced BOM.

(iv) "Department of Electronics and Information Technology": Department of Electronics and Information Technology (DeitY) means the Department of Electronics and Information Technology, formerly called Department of Information Technology (DIT), Ministry of Communications and Information Technology, Government of India.

(v) "Department of Telecommunications": Department of Telecommunications (DOT) means the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India.

(vi) "Domestically Manufactured Electronic Products (DMEP)": Domestically Manufactured Electronic Products are those electronic products which are manufactured by entities that are registered and established in India, including in

Special Economic Zones (SEZs), and engaged in manufacture of such electronic products in India and would include OEM and their Contract Manufacturers, but not traders. In addition, such products shall meet the criteria of domestic value-addition as laid down in the Policy, for being classified as DMEP.

(vii) "Domestic Manufacturer": Domestic Manufacturer is a manufacturer of domestically manufactured electronic products (DMEP).

(viii) "Generic Products": Generic Products in the context of this Policy are common electronic products which are extensively used across all sectors of economy and notified as such by DeitY or DOT.

(ix) "Government": Government for the purpose of the Policy means Government of India.

(x) "Government agencies": Government agencies are Constitutional bodies, Government PSUs, Societies, Trusts and Statutory bodies set up by the Government.

(xi) "Inputs to an electronic product" include parts, sub-parts, components, assemblies, manufacturing costs including cost of design and development, assembling, testing, sourcing, power, finance, logistics, insurance done in-house, and/or by external Electronic Manufacturing Service provider, royalties and licensee fee for IPR, and/or in-house R&D costs incurred/amortized to create IPR, embedded and other software integral to the specific product.

(xii) "Managed Service Provider (MSP) for Government": A Managed Service Provider (MSP) for Government is a provider of Information Technology (IT) and Communication related services, who provides such services to Government by establishing Information Technology (IT) / Communication infrastructure or by using the infrastructure created by others, and includes a System Integrator and Equipment Vendor, providing such services.

(xiii) "Notification": Notification is an order issued under the Policy and Guidelines issued there under which specifies the preference to be provided to DMEP.



(xiv) "Policy": The policy notified by DeitY vide Reference No.8(78)2010-IPHIW dated 10.2.2012.

(xv) "Procurement of Electronic Products": Procurement of electronic products in the context of the Policy includes both direct procurement of electronic hardware as well as services of electronic hardware procured by Government from Managed Service Providers.

(xvi) "Profit after Tax" would mean the net profit earned by the company after deducting all expenses like interest, depreciation and income tax.

(xvii) "Verticals": Verticals in the context of electronic products are the entire line of products used in various segments of Electronic Hardware sector, and inter-alia include Telecom; Mobile and hand held devices; Broadcasting; IT and Office Automation; Consumer electronics and Mass communication products; Automotive electronics; Industrial electronics; Electronic Test, Measuring and Analytical Instruments; LED products; Smart cards; Radio-frequency identification (RFID); Avionics; Strategic Electronics including Defense, Space and Atomic Energy; Medical electronics; Solar photovoltaics; power electronics. Segments are broad categorization of electronic products and verticals are more specific products - line of products under that segment. For example, in the Consumer electronics segment, products such as Televisions, Radios, DVD players, Music systems, etc. constitute the verticals.

(xviii) "Year 1": Year 1 in the context of this Policy means Financial Year (FY) in which the relevant notification providing for preference for a given electronic product comes into effect. The FY will be the year beginning on the 1<sup>st</sup> April and ending on the 31<sup>st</sup> March of the succeeding year. However, if a product is notified on or after 1<sup>st</sup> September of an year, the year '1' would extend to 31<sup>st</sup> March of the succeeding FY.

### **3. Notifying electronic products procured by Government**

3.1 Each Ministry/Department shall identify the electronic products, under various verticals of electronic sector, which that Ministry/Department procure for

Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3.1.1 The following guidelines may be used for identifying and notifying the electronic products under each vertical, under the Policy:

a. The objective of the Policy is to eventually notify all electronic products which are procured by Government and Government agencies for Governmental purposes and not with a view to commercial resale or with a view to use in the production of products for commercial sale. Electronic products that are used as sub-systems in a larger system/project procured by Government or Government Agency shall also be covered by the Policy. A "sub-system" is a part of a larger system/project. For example, control system of a power plant may constitute such a sub-system. The policy shall also be applicable to situations where the DMEPs notified under the policy are procured as part of the sub-system. In such cases the preference to DMEPs would be applicable only for the value of notified DMEPs forming part of the sub-system/project and not on the value of whole sub-system/project.

b. An analysis of the domestic manufacturing base needs to precede the identification of an electronic product for notification under the Policy. Only those electronic products in respect of which at least one domestic manufacturer exists, shall be notified. Consultation with industry, as necessary, may be carried out.

c. The configuration & specifications representative of the entire range of a product should be categorized in a single notification after taking into account the functionality/ features/ product complexity. For example, there may be a separate notification for Desktop PCs, Servers and Tablets, but all Desktop PCs, with different configurations, may be clubbed under a single notification.

d. Since identification of all electronic products cannot be taken up simultaneously, the products having high value of procurement in Government and Government agencies may be identified for notification on priority.

c. Departments shall publish their prospective annual demand for Government procurement of electronic products over the next 5 years, with the objective of encouraging development investment in manufacturing of such products. Such projections should be based on well considered and approved plans. To the extent possible, the Departments should also include an analysis of their total procurement to identify the electronic products having high value of procurement vs. the entire portfolio.

3.2 Each Ministry/Department shall notify those electronic products for which preference will be provided in procurement to the DMEP as per the Policy.

3.2.1 Each such "Notification" will specify the date from which the said preference will come into effect.

3.3 While notifying electronic products under clause 3.2.1 above, the Ministry/Department shall

a. state the technical specifications, as necessary, to describe the electronic products:

b. specify, percentage of total procurement in value terms, for which preference is provided to DMEP, in terms of clause 2.2.3 of the Policy:

c. specify product wise, as well as year-wise, the quantum of domestic value-addition which qualifies the electronic product to be DMEP, in terms of clause 2.3 of the Policy:

Provided that the domestic value-addition so prescribed shall not be below the threshold prescribed under the Policy.

Provided further that the value addition required for inputs of the product to be classified as domestically manufactured Bill of Material may also be specified.

Provided further that, "Year 1" as mentioned in Table of the Policy under clause 2.3, shall be reckoned from the date from which the relevant notification providing for preference for a given electronic product comes into effect.

3.3.1 The percentage of total procurement value for which preference to DMEP is to be provided under clause 3.3 (b) may be based on following guidelines:

- a. The minimum percentage of domestic procurement for any electronic product notified is 30%.
- b. The percentage of total procurement value for which preference is provided to DMEP should be so fixed that competition is maximized while at the same time domestic manufacturing is encouraged.
- c. The decision should be taken after an analysis of the domestic manufacturing base including the available production capacities with the indigenous manufacturers and their number as well as that of their suppliers of inputs, which should inter-alia meet the value addition norms proposed to be notified.
- d. This would also depend on the availability of multiple domestic manufacturing units with sufficient capacities, so that the requirement of Government Ministries/Departments and Government agencies can be fulfilled without compromising on timelines and quality. The after-sales service support network of domestic manufacturer/s also needs to be factored in. However, if there is only one domestic manufacturer, the percentage of procurement for which preference to DMEP is provided should normally be 30%.
- e. The percentage of procurement, especially for items being procured in small numbers, with generally high value, may be decided upon practical feasibilities.

3.4 The Department of Electronics and Information Technology (DeitY) would notify generic products, an indicative list of which is at **Annexure I**.



3.5 The Department of Telecommunications (DOT) would notify generic products relating to Telecom and Networks, an indicative list of which is at **Annexure 2**.

Provided that Ministry of Railways may specify products relating to telecom and networks for use in the Railways.

3.6 The provisions of Clause 3 are applicable to all Ministries/Departments and agencies under their control but shall not be applicable to Ministry of Defence.

3.7 No notification under the Policy shall have retrospective effect.

#### **4. Prescribing Value-addition of electronic products**

4.1 A technical committee may be constituted by the concerned Ministry/Department to make recommendations on the domestic value addition. The following guidelines may be kept in view:

4.1.1 Identify main inputs for the product to be notified and ascertain the percentage of contribution of each input to the Bill of Material (BOM). The granularity at which the inputs need to be identified (i.e. the number of inputs) should not be large and should be based on industry practices.

4.1.2 DeitY would separately publish from time to time, the inputs that commonly go into electronic products and value addition therein that would be accepted for such input to be classified as domestic BOM.

4.2 Ascertain status of domestic manufacturing of each of the inputs identified in clause 4.1.1 above. Wherever, the input is already included in the list published by DeitY referred to in clause 4.1.2, the norms in value addition specified therein would be adopted. For all other inputs the Committee may ascertain and prescribe what would entitle the input to be classified as domestic. The effort should be to progressively increase the domestic value-addition of each of the inputs to the electronic product.

4.3 The value-addition norm should be so calibrated that it reflects the average slightly above average manufacturing capability of the domestic industry for that electronic product at a point of time. This should be suitably increased as per the Policy or faster, depending on the depth in manufacturing achieved for the electronic product.

## **5. Tender procedure for procurement by Government and Government Agencies**

5.1 The procuring agencies, whether Government Ministries/Departments or other government agencies, shall follow standard procurement procedures, in accordance with instructions of Ministry of Finance and CVC, while providing preference to DMEP.

5.2 The tender document for procuring notified electronic products should explicitly specify the modalities through which the preference for DMEP shall be operated. The details, apart from usual tender conditions, should specify the following:

- a. The electronic products for which preference will be provided to domestic manufacturers.
- b. Total quantity of procurement and the quantity of procurement for which the preference will be provided to domestic manufacturers.
- c. Percentage of domestic value addition which qualifies the electronic product to be classified as domestically manufactured.
- d. The procedure for certification and assessment of the percentage of domestic value-addition in an electronic product.
- e. The preference to DMEP shall be subject to meeting technical specifications and matching the L1 price.

f. The procedure for awarding the contract to DMEP and the treatment of the quantity earmarked for domestic manufacturer if no domestic manufacturer is available, in accordance with the clause 4.2.2 of the policy.

5.3 For each electronic product proposed to be procured, among all technically qualified bids, the lowest quoted price will be termed as L1 and the rest of the bids shall be ranked in ascending order of price quoted, as L2, L3, L4 and so on. If L1 bid is of a domestic manufacturer, the said bidder will be awarded full value of the order. If L1 bid is not from a domestic manufacturer, the value of the order awarded to L1 bidder will be the balance of procurement value after reserving specified percentage of the total value of the order for the eligible domestic manufacturer. Thereafter, the lowest bidder among the domestic manufacturers, whether L2, L3, L4 or higher, will be invited to match the L1 bid in order to secure the procurement value of the order earmarked for the domestic manufacturer. In case first eligible bidder (i.e. domestic manufacturer) fails to match L1 bid, the bidder (i.e. domestic manufacturer) with next higher bid will be invited to match L1 bid and so on. However, the procuring agency may choose to divide the order amongst more than one successful bidder as long as all such bidders match L1 and the criteria for allocating the tender quantity amongst a number of successful bidders is clearly articulated in the tender document itself. In case all eligible domestic manufacturers fail to match the L1 bid, the actual bidder holding L1 bid will secure the order for full procurement value. Only those domestic manufacturers whose bids are within 20% of the L1 bid would be allowed an opportunity to match the L1 bid.

5.4 The tender conditions would ensure that domestically manufactured electronic products are encouraged and are not subjected to restrictive product specifications or mandatory requirement of prior experience. The procuring agency may also rationally identify and evaluate predatory pricing by any bidder. However procuring Department or Agency may incorporate such stipulations as may be considered necessary to satisfy themselves of the security, production capability and product quality of the domestic manufacturer.

5.5 The policy for providing preference to domestically manufactured electronic products shall also be applicable to the DMEPs covered in turnkey system-

integration projects, which have been notified under the policy. In such cases the preference to DMEPs would be applicable only for the value of notified DMEPs forming part of the turnkey/ system-integration projects and not on the value of whole project. It shall be mandatory on the part of the bidders in the tender to quote separately for the notified DMEPs forming part of the turnkey/ system-integration projects.

5.6 Directorate General of Supplies and Disposals (DGS&D) and National Informatics Centre Services Inc. (NICSI) shall ensure compliance to the Policy / Notifications issued thereunder in their procurements / rate contracts in respect of the DMEPs.

## **6. Value addition**

6.1 Bill of Material sourced from domestic manufacturers (Dom-BOM) may be calculated based on one of the following depending on data available. Each of these calculations should provide consistent result.

- a. sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) and which have not been imported directly or through a domestic trader or an intermediary.
- b. Ex-Factory Price of product minus profit after tax minus sum of imported Bill of Material used (directly or indirectly) as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) minus warranty costs.
- c. Market price minus post-production freight, insurance and other handling costs minus profit after tax minus warranty costs minus sum of Imported Bill of Material used as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) minus sales and marketing expenses.



6.2 Total Bill of Material (Total-BOM) may be calculated based on one of the following depending on data available. Each of these calculations should provide consistent result.

- a. sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken).
- b. Ex-Factory Price of product minus profit after tax, minus warranty costs.
- c. Market price minus post-production freight, insurance and other handling costs minus profit after tax, minus warranty costs minus sales and marketing expenses.

6.3 The percentage of domestic value-addition may be calculated based on information furnished as per the following formula:

$$\text{Percentage of domestic value-addition} = \frac{\text{Dom-BOM} \times 100}{\text{Total-BOM}}$$

It is recommended that each agency assessing should calculate the domestic value-addition using at least two of the above formulae so as to validate the assessments in this regard and ensure that the domestic value addition that is claimed is consistent.

6.4 The Department of Electronics and Information Technology shall constitute one or more Industry Committees which may advise the Department regarding the profit, freight, insurance and handling charges or typical globally accepted value addition norms for each product verticals or any other specific references made to it.

## 7. Self-Certification

7.1 Each domestic manufacturer shall furnish the Affidavit of self-certification to the procuring agency declaring that the electronic product is domestically manufactured in terms of the domestic value addition prescribed. The Affidavit of self-certification shall be furnished in **Form 1** attached to these guidelines.

7.2 It shall be the responsibility of the domestic manufacturer to ensure that the products so claimed are DMEP in terms of the domestic value addition prescribed for the product. The domestic manufacturer shall also be required to provide a value-addition certificate on half-yearly basis (Sep 30 and Mar 31), duly certified by the statutory Auditors of the domestic manufacturer, that the claims of value-addition made for the product during the preceding 6 months are in accordance with the Policy. Such certificate shall be filed within 60 days of commencement of each half year, to the concerned Ministry / Department.

7.3.1 The procuring agency shall accept the Affidavit of self-certification regarding domestic value addition in an electronic product submitted by a bidder. It shall not normally be the responsibility of procuring agency to verify the correctness of the claim. The responsibility to show the correctness of the same shall be that of the bidder when asked to do so.

7.3.2 In case a complaint is received by the procuring agency or the concerned Ministry / Department against the claim of a bidder regarding domestic value addition in an electronic product, the same shall be referred to STQC/ Telecommunications Engineering Centre (TEC) (for telecom products) or any other third party testing laboratories or technical auditors accredited by the Department of Electronics and Information Technology / Department of Telecommunications for the purpose.

7.3.3 Any complaint referred to STQC/ TEC (for telecom products) or any other accredited third party testing laboratories or technical auditors shall be disposed of within 4 weeks. The bidder shall be required to furnish the necessary documentation in support of the domestic value addition claimed in an electronic product to STQC/ TEC (for telecom products) or any other accredited third party testing laboratories or technical auditors within 2 weeks. The STQC/ TEC (for telecom products) or any other accredited third party testing laboratories or technical auditors may within another two weeks give its finding. If no information is furnished by the bidder, such laboratories may take further necessary action, to establish the bonafides of the claim.

7.4 The cost of assessing the extent of domestic value addition shall be borne by procuring agency if the domestic value addition is found to be correct as per the

certificate. However, if it is found that the domestic value addition as claimed is incorrect, the cost of assessment will be payable by the domestic manufacturer who has furnished an incorrect certificate. The manner of enforcing the same shall be defined in the tender document.

7.5 There would be a complaint fee of Rs.2 Lakh or 1% of the value of the DMEP being procured, whichever is higher, to be paid by Demand Draft to be deposited with STQC/TEC of DOT, as the case may be, or any other third party testing laboratories or technical auditors accredited by the DeitY / DOT along with the complaint by the complainant. In case the complaint is found to be incorrect, the complaint fee shall be forfeited. In case the complaint is upheld and found to be substantially correct, deposited fee of the complainant would be refunded without any interest.

7.6 Each Ministry / Department will publish a list of such entities of testing laboratories and agencies from among those accredited by DeitY / DOT, which may be entrusted with the responsibility of assessing domestic value addition of DMEPs, in terms of clause 7.3.2 and 7.3.3 above and to whom reference would be made along with the timeframe for completion of this activity by those institutions and the charges to be paid to them.

## **8. Compliance**

8.1 Every Ministry/Department shall monitor the implementation of the policy

8.2 With respect to preference to DMEP in government procurement each Ministry/Department shall ensure that

- a. electronic products are notified under Clause 3 of these guidelines
- b. concerned Government Ministries/Departments and Government agencies provide preference to DMEP as notified.
- c. preference to DMEP is provided at L1 price and without compromise in technical specifications.

- d. Restrictive tender conditions are not specified, as per clause 5.4
- e. Aggregation of demand, wherever feasible, is being done.
- f. Extended projection of electronic products which can be procured domestically is published for a prospective period of 5 years to enable domestic industry to gear up manufacturing facility for the same.
- g. Complaints regarding lack of compliance of the policy are addressed in a time bound manner.
- h. Each Ministry/Department shall clearly define the penalties, in case of mis-declaration by domestic manufacturer of the extent domestic value addition, in the tender document. The penalties may include forfeiting of the EMD and such other penalties, as may be prescribed by the concerned Ministry/Department in the tender document.

## **9. Monitoring**

9.1 Department of Electronics and Information Technology (DeitY) shall be the nodal Department to monitor the implementation of the scheme. Additionally, Department of Telecommunications (DOT) shall also monitor the implementation of the scheme for all telecom products.


9.2 Each Ministry/Department shall annually, in the month of June, send a declaration indicating the extent of compliance to the policy and reasons for non-compliance thereof, during the preceding financial year.

## **10. Reference to Department of Electronics and Information Technology/ Department of Telecommunications**

In case of a question whether an item being procured is an electronic product to be covered under the policy, the matter would be referred to the Department of



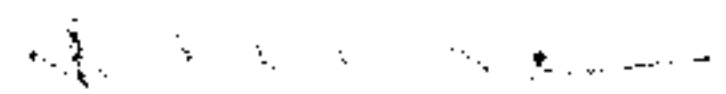
Electronics and Information Technology (DeitY) / Department of Telecommunications (DOT) for clarification.

  
**(Dr. Ajay Kumar)**  
**Joint Secretary to Government of India**  
**Tel.: 24360160**

**New Delhi, Dated 12.6.2013**

**Copy to:**

- 1. All Ministries/Departments of Government of India**
- 2. Cabinet Secretariat**
- 3. PMO**
- 4. Planning Commission**
- 5. Comptroller and Auditor General of India**
- 6. AS&FA, Department of Electronics and Information Technology**
- 7. Internal Distribution**

  
**(Dr. Ajay Kumar)**  
**Joint Secretary to Government of India**  
**Tel.: 24360160**

## Indicative List of Generic Products

Sl. No.	Items
1	Notebooks and Netbooks
2	Tablets
3	Desktops
4	Servers
5	Printers
6	Keyboards
7	Monitors
8	Storage USBs, Memory Cards
9	CCTV and Surveillance Cameras
10	ATMs
11	Photocopiers
12	Scanners
13	Faxes
14	Smart Cards
15	Mobile Handsets
16	Hand Held Terminals
17	PC Projector
18	POS based devices

## Indicative List of Telecom and Network Products

Sl. No.	Items
1	SIM Cards (Personalisation and OS in India)
2	Encryption/UTM platforms (TDM and IP)
3	Core/Edge/Enterprise routers
4	Managed Leased line Network equipment
5	Ethernet Switches (L2 and L3), Hubs, etc.
6	IP based Soft Switches, Media gateways
7	Wireless/Wireline PABXs
8	CPE (including WiFi Access points and Routers, Media Converters), 2G/3G Modems, Leased-line Modems, data cards etc.
9	Set-Top Boxes
10	SDH/Carrier-Ethernet/ Packet Optical Transport equipments
11	DWDM/CWDM systems
12	GPON equipments
13	Digital Cross-connects/MUXs
14	Small size 2 G/3 G GSM based Base Station Systems
15	GSM 2G&3G/4G, CDMA based wireless Access Systems including BTS, BSC, MSC, Media gateway, media server, GGSN, SGSN, Node B, RNC, F-Node B, EPC, HLR, SMSC & other subsystems
16	LTE based broadband wireless access systems (eNodeB, EPC etc.)
17	WiFi based broadband wireless access systems (Access Point, Aggregation Block, Core Block, etc.)
18	Microwave Radio systems (IP/Hybrid)
19	Software Defined Radio, Cognitive Radio systems
20	Repeaters (RF/RF-over-Optical), IBS, and Distributed Antenna system
21	Satellite based systems – Hubs, VSAT, etc.
22	Copper access systems (DSL/DSLAM), Optical Fibre, Optical Fibre Cable
23	Network Management systems
24	Security and surveillance communication systems (video and sensors based)

**Format for Affidavit of Self Certification regarding Domestic Value Addition in an Electronic Product to be provided on Rs.100/- Stamp Paper**

**Date:**

I \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_, Resident of \_\_\_\_\_ do hereby solemnly affirm and declare as under:

That I will agree to abide by the terms and conditions of the policy of Government of India issued vide Notification No:8(78)/2010-IPHW dated 10.2.2012.

That the information furnished hereinafter is correct to best of my knowledge and belief and I undertake to produce relevant records before the procuring authority or any authority so nominated by the Department of Electronics and Information Technology, Government of India for the purpose of assessing the domestic value-addition.

That the domestic value addition for all inputs which constitute the said electronic product has been verified by me and I am responsible for the correctness of the claims made therein.

That in the event of the domestic value addition of the product mentioned herein is found to be incorrect and not meeting the prescribed value-addition norms, based on the assessment of an authority so nominated by the Department of Electronics and Information Technology, Government of India for the purpose of assessing the domestic value-addition, I will be disqualified from any Government tender for a period of 36 months. In addition, I will bear all costs of such an assessment.

That I have complied with all conditions referred to in the Notification No., wherein preference to domestically manufactured electronic products in Government procurement is provided and that the procuring authority is hereby authorized to forfeit and adjust my EMD and other security amount towards such assessment cost and I undertake to pay the balance, if any, forthwith.

I agree to maintain the following information in the Company's record for a period of 8 years and shall make this available for verification to any statutory authorities.

- i. Name and details of the Domestic Manufacturer (Registered Office, Manufacturing unit location, nature of legal entity)
- ii. Date on which this certificate is issued
- iii. Electronic Product for which the certificate is produced



- iv. Procuring agency to whom the certificate is furnished
- v. Percentage of domestic value addition claimed
- vi. Name and contact details of the unit of the manufacturer
- vii. Sale Price of the product
- viii. Ex-Factory Price of the product
- ix. Freight, insurance and handling
- x. Total Bill of Material
- xi. List and total cost value of inputs used for manufacture of the electronic product
- xii. List and total cost of inputs which are domestically sourced. Please attach certificates from suppliers, if the input is not in-house.
- xiii. List and cost of inputs which are imported, directly or indirectly

**For and on behalf of \_\_\_\_\_ (Name of firm/entity)**

Authorized signatory (To be duly authorized by the Board of Directors)  
**<Insert Name, Designation and Contact No.>**

65

File No: 33(3)/2013-IPHW  
Ministry of Communications and Information Technology  
Department of Electronics and Information Technology

Dated: 23<sup>rd</sup> December, 2013

**NOTIFICATION**

**Subject: Preference to domestically manufactured electronic products  
in Government procurement**

**No. 33(3)/2013-IPHW** – In supersession of the policy for providing preference to domestically manufactured electronic goods in procurement, notified vide the Department of Electronics and Information Technology (DeitY) Notification No. 8(78)/2010-IPHW dated 10 February 2012, the Government of India has laid down the following policy for providing preference to domestically manufactured electronic products in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale

**2.1 Scope**

2.1.1 The policy will be applicable to all Ministries/ Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in goods for commercial sale. This would also be applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government. Subject to the provisions of para 2.2 each Ministry/ Department would notify the sector specific electronic product(s) for which preference would be accorded to domestically manufactured electronic product(s). Generic products, which are procured across sectors, such as, computers, communication equipment etc., would be notified by the Departments of Electronics and Information Technology/ Telecommunications, as the case may be

2.1.2 The notification issued by each Ministry/ Department for providing preference to domestically manufactured electronic product(s) would specify the percentage of procurement to be made from domestically manufactured electronic product(s), which shall not be less than 30% of the total

procurement value of that electronic product(s). Further each Ministry/ Department would also specify the domestic value addition requirement which the electronic product should satisfy for the product to qualify as domestically manufactured electronic product. However, such specification should not be below the generic definition of domestically manufactured electronic products provided in para 2.3 below.

## **2.2 Governance Mechanism**

2.2.1 A two-tiered governance mechanism shall be established to oversee the implementation of the policy.

**Tier 1:** There shall be a National Planning and Monitoring Council for Electronics Products (NPMC-EP) comprising of the following:

- i. Secretary, DeitY ..... Chairman
- ii. Secretary, Department of Telecommunications (DoT) or representative
- iii. Secretary, Department of Expenditure or representative
- iv. Secretary, Department of Industrial Policy and Promotion (DIPP), or representative
- v. Secretary of Ministry/ Department proposing to notify electronic product(s) under the Policy, or representative
- vi. Director General, Directorate General of Supplies & Disposals (DGS&D)
- vii. Joint Secretary, DeitY – Member-Convener

2.2.2 The mandate of the NPMC-EP shall be as follows:

- a. Design a 10-year road map for electronic products identified for notification under the policy.
- b. Approval of notifications proposed to be issued by Ministries / Departments of Government of India

- c. Monitoring the implementation of the policy
- d. Establishing a Grievance Redressal System

2.2.3 **Tier 2:** Line Ministries/ Departments will notify electronic products together with the necessary compliance requirements for electronic products being procured for Government use, based on the approval of NPMC-EP.

2.2.4 The notifications/ guidelines issued thus far under the earlier policy notified on 10th February 2012, shall be reviewed by the NPMC-EP, based on this policy. The notifications for Government procurement issued under earlier policy will continue till these are reviewed under the revised policy.

**2.3 Domestically Manufactured Electronic Products:** The Domestically Manufactured Electronic Products are products manufactured by companies registered in India and engaged in manufacture in India and including Contract Manufacturers, but excluding traders. The electronic products to be notified under this policy shall meet the following graded domestic value-addition in terms of Bill of Material (BOM) from domestic manufacturers.

Percentage domestic value addition in terms of BOM of domestic manufacturers	Year
25%	Year 1
30%	Year 2
35%	Year 3
40%	Year 4
45%	Year 5

## 2.4 Domestic Value Addition

2.4.1 Percentage of domestic value-addition =  $\frac{\text{Domestic BOM} \times 100}{\text{Total-BOM}}$

2.4.2 Bill of Material sourced from domestic manufacturers (Domestic BOM) may be calculated based on one of the following methodologies depending on the data available for each product



a. sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) which have not been imported directly or through a domestic trader or an intermediary.

b. Ex-Factory Price of product minus profit after tax minus sum of imported Bill of Material used (directly or indirectly) as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) minus warranty costs.

c. Market price minus post-production freight, insurance and other handling costs minus profit after tax minus warranty costs minus sum of Imported Bill of Material used as inputs in producing the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken) minus sales and marketing expenses

2.4.3 Total Bill of Material (Total-BOM) may be calculated based on one of the following methodologies depending on data available.

a. sum of the costs of all inputs which go into the product (including duties and taxes levied on procurement of inputs except those for which credit / set-off can be taken).

b. Ex-Factory Price of product minus profit after tax, minus warranty costs.

c. Market price minus post-production freight, insurance and other handling costs minus profit after tax, minus warranty costs minus sales and marketing expenses.

**3. Eligibility:** All companies registered in India and engaged in manufacture of electronic products in India are eligible for consideration under the policy.

**4. Procurement:** The procuring agencies shall follow their own procurement procedures, subject to meeting the requirement that specified percentage of procurement shall be of domestically manufactured electronic products.

4.1 Aggregation of annual requirements and such other procurement practices, which facilitate the implementation of this policy, may be adopted by procuring agencies.

4.2 Procurement by Government Ministry/ Department or agencies under their administrative control

4.2.1 Wherever the domestically manufactured electronic products are procured under this policy by a Government Ministry/ Department or an agency thereof, such procurement shall be subject to matching of L1 price and on satisfying technical specifications of the tender.

4.2.2 For procurement by Government Ministries/ Departments and agencies under their administrative control, the tender for procuring electronic products would normally specify that specified percentage of the procurement value would be awarded to the lowest-priced technically qualified domestic manufacturer of electronic products, subject to matching with L1, if such bidders are available. The remaining will be awarded to L1, irrespective of whether he is a domestic manufacturer or not. In case L1 is quoted by a domestic manufacturer, the entire order quantity will be awarded to such domestic manufacturer, subject to the other conditions of the tender, if any, relating to splitting of the order.

4.2.3 It is not necessary that each tender for the procurement of electronic product is split. If a tender cannot be split, either because the unit of procurement is small or because of technical reasons, or because no domestic manufacturer is available for the product, the procuring agency may ensure that the annual requirement of procuring the specified extent of electronic products from domestically manufactured products is achieved through suitable enhancements in other tenders.

4.2.4 The tender conditions would ensure that domestically manufactured electronic products are encouraged and are not subject to restrictive mandatory requirement of prior experience. However, procuring Department/ Agency may incorporate such stipulations as may be considered necessary to satisfy themselves of the security, production capability and product quality of the domestic manufacturer.

## 5. Compliance

5.1 A suitable self-certification system would be devised to declare domestic value addition by the vendor. The system would also provide for checks by Standardization, Testing and Quality Certification (STQC)/ Telecommunications Engineering Centre (TEC) (for telecom products) and other testing laboratories or technical auditors accredited by the Department of Electronics and Information Technology/ Department of Telecommunications for the purpose. In cases of false declaration of domestic value addition, suitable penalties will be imposed.

5.2 Each Ministry/ Department shall annually obtain a declaration indicating the extent of compliance to the policy and reasons for non-compliance thereof from all procuring agencies under its administrative control.


5.3 Individual Ministries/ Departments may provide for suitable incentives/ disincentives for compliance of the policy.

6. **Electronic products:** In case of a question whether an item being procured is an electronic product to be covered under the proposed policy, the matter would be referred to the Department of Electronics and Information Technology for clarification.

7. **Time period:** The policy will be valid for 10 years from the date of its notification. The policy will be reviewed at regular intervals of time.

8. **Guidelines:** Detailed guidelines shall be issued for operationalizing the policy which would *inter alia*, provide for modalities of self-certification by the vendor and the procuring agencies

9. Some examples of typical procurement scenarios are illustrated in Appendix.

  
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New Delhi, Dated 23<sup>rd</sup> December, 2013

**Copy to:**

1. All concerned Ministries/ Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller & Auditor General of India
6. JS&FA, Department of Electronics and Information Technology
7. Internal distribution



**(Dr. Ajay Kumar)**

**Joint Secretary to the Government of India**



## EXAMPLES OF TYPICAL PROCUREMENT SCENARIOS

**Example 1****Procurement of 1 lakh Laptops**

Under a Government project, it is intended to procure 100,000 laptops, notified under the policy. In order to fulfill the norm of the proposed policy, they have to procure 30,000 laptops (30%) from domestic manufacturer. The bid documents should specifically provide preference to domestically manufactured electronic products in terms of 30% of procurement value subject to matching of L1 price and on satisfying technical specifications of the tender. Suppose there are five bids. Consider DM as Domestic Manufacturer and NDM as Non Domestic Manufacturer.

**Case 1:** After opening of commercial bids, position is like L1: DM1, L2: NDM1, L3: NDM2, L4: NDM3 and L5: DM2. Then the entire quantity shall be awarded to DM1.

**Case 2A:** After opening of commercial bids, position is like L1: NDM1, L2: NDM2, L3: NDM3, L4: DM1 and L5: DM2. NDM1 qualifies as L1, and DM1 is the lowest-priced domestic manufacturer. Then NDM1 shall be given purchase order for 70% and 30% of the purchase order shall be given to DM1, subject to the later matching the L1 price.

**Case 2B:** If DM1 declines to undertake the tendered work at L1 price, DM2 should be given the offer to supply the 30% at L1 prices.

**Case 3:** After opening of commercial bids, position is like L1: NDM1, L2: NDM2, L3: NDM3, L4: NDM4 and L5: NDM5. In this case no domestic electronic product manufacturer is available; hence the full order will be awarded to NDM1.

## Example 2

### Procurement of Super Computer

Procuring agency desires to procure a Super Computer with prescribed specification for Rs. 50 crore. The order cannot be split between two parties. The procuring agency is not able to apply 70:30 norm. Hence this policy cannot be implemented in this tender. Therefore, in subsequent procurement of electronic products by the said agency, it should reserve an additional value of Rs. 15 crore (30% of the value of the earlier tender) for domestic manufactured electronic products.

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