NOTIFICATION

Subject: Policy for Preference to domestically manufactured electronic products in Government procurement - Notifying electronic products for Government Procurement in furtherance of the Policy


The Government has notified the policy for providing preference to domestically manufactured electronic products in Government procurement vide the Department of Electronics and Information Technology (DeitY) Notification No.33(3)/2010-IPHW dated 23.12.2013 (hereinafter called the Policy).

2. As per Clause 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 the production of goods for commercial sale.

3. In furtherance of the policy notified vide reference cited above, DeitY hereby notifies that preference shall be provided by all Ministries/Departments (except Ministry of Defence) and agencies under their administrative 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)  
<table>
<thead>
<tr>
<th>Percentage of procurement for which preference to domestically manufactured Laptop PCs is to be provided (in value terms)</th>
<th>Percentage domestic value addition in terms of Bill of Material (BOM) required for the Laptop PCs to qualify as domestically manufactured</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>25% in Year 1</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Main inputs in BOM/stages for manufacture of Laptop PC</th>
<th>Value addition required for the input to be classified as domestic BOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Hard Disk Drive</td>
<td>Domestic assembly and testing from imported / indigenously manufactured parts and components</td>
</tr>
</tbody>
</table>
| 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 and  
(ii) backlight assembly and testing of Display Panel shall be done domestically. |
<p>| 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: |</p>
<table>
<thead>
<tr>
<th>Main inputs in BOM/stages for manufacture of Laptop PC</th>
<th>Value addition required for the input to be classified as domestic BOM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(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 and (ii) Cabinet shall be domestically manufactured from Year 3 onwards</td>
</tr>
<tr>
<td>Semiconductors (i.e. the Semiconductor Chips and Modules on Motherboard)</td>
<td>The value of only those Semiconductor Chips and Modules (including Processor and Memory) of the Motherboard less 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*</td>
</tr>
<tr>
<td>Bare PCB</td>
<td>Domestically manufactured</td>
</tr>
<tr>
<td>Power Adapter</td>
<td>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</td>
</tr>
<tr>
<td>Keyboard/Touchpad and/or Trackpoint</td>
<td>Domestic assembly and testing from imported / indigenously manufactured parts and components</td>
</tr>
<tr>
<td>Battery</td>
<td>Domestic assembly and testing from imported / indigenously manufactured parts and components</td>
</tr>
</tbody>
</table>
| (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
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(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 electronic products 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 31.3.2015.

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 notification would also be applicable for procurement of electronic products made under all Centrally Sponsored Schemes and grants made by Central Government as per the policy referred above.

9. This notification is issued in supersession of the Notification No.8(41)/2012-IPHW dated 22.1.2013 on the subject.

(Dr. Ajay Kumar)  
Joint Secretary to Government of India  
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New Delhi, Dated 22.05.2014
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. JS&FA, Department of Electronics and Information Technology
7. Internal Distribution

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