

Circular No.53

21st February, 2014

Sub: Guidelines for implementation of the Preferential Market Access (PMA) policy for providing preference to domestically manufactured Electronic Goods in Government procurement against DGS&D Rate Contract.

Department of Electronic & I.T. (DeitY) vide Notification No. 33(3)/2013-IPHW dated 23.12.2013 has laid down the PMA policy for providing preference to domestically manufactured products in procurement of Electronic goods. Under this policy DeitY has so far notified 6 items namely Desktop PC, Dot Matrix Printers, Laptop PCs, Tablet PCs, Smartcards and LED products for Government procurement and DOT has notified 23 items. Notifications may be gone through at <http://deity.gov.in/content/electronic-hardware#pma..> Further notifications by various departments may be issued from time to time in this regard.

2. The guidelines for implementation of the said policy have been approved by the Commerce Secretary. The following decisions taken in this regard are to be strictly complied.

- (i) DGS&D as a nodal agency shall promote the policy for providing preference to domestically manufactured electronic products based on notifications issued under the policy by the DeitY, DOT and any other department in public procurement by government and its agencies.
- (ii) DGS&D holds regular Consultative Committee Meetings (CCMs) for framing the technical specifications and Eligibility Criteria for various products before inviting bids for Rate Contracts. In addition to their existing practice of inviting all stakeholder including Industry, Trade associations and Government user departments, DGS&D should also invariably invite representatives of DoT and DeitY in such CCM meetings for products notified under the policy.
- (iii) DGS&D should ensure through their Tender conditions that domestically manufactured electronic products are encouraged and are not subjected to restrictive product specifications or mandatory requirement of prior experience. However, DGS&D may continue to incorporate such stipulations as may be considered necessary to satisfy the security, manufacturing capability and product quality of the manufacturers.
- (iv) The DGS&D shall indicate in their Rate Contracts, the requirement of domestic value addition prescribed under the product notifications issued under the Policy/Guidelines for the item to be compliant with the Policy for the guidance of purchasers for each product. DGS&D shall also furnish the domestic value addition as provided by the manufacturer for each product and model. DGS&D shall continue concluding their Rate Contracts with suppliers as per existing procedures. The responsibility shall lie with the government user departments and agencies under their control to make procurements in compliance with the criteria prescribed in the notified policies & guidelines.

(v) DGS&D shall obtain necessary affidavit regarding domestic value addition in prescribed Form 1 (enclosed) of the guidelines dated 12.06.2013 and incorporate the domestic value addition in their existing or future Rate Contracts for each notified product, model-wise.

(vi) The vendors shall have the option to upgrade, but not downgrade the domestic value addition contents of existing R/Cs through affidavit in prescribed Form1. DGS&D shall update the RCs accordingly without affecting the price.

(vii) In the event of submission of upgraded Form 1, all supplies made after the date of such submission shall be with upgraded domestic value addition only.

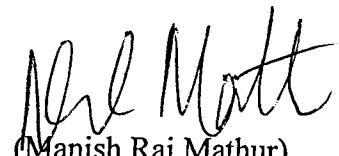
(viii) The relevant date for compliance to value addition norm by domestic manufacturers shall be the date of the supply/purchase order by the requisitioning department/purchaser/indenter.

(ix) All RCs issued in pursuance of Policy and Guidelines shall mention that any complaint regarding the contents of domestic value addition will mandatorily accompany a complaint fee of Rs. 2 lakh or 1 % of value of Domestically Manufactured Electronic Product being procured, whichever is higher, in favour of STQC/ TEC, as may be applicable. Complaints may be addressed to DGS&D or indentors placing the supply orders, as the case may be. **Complaints not accompanied by the requisite fee shall not be entertained.** 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, the deposited fee of the complainant would be refunded without any interest by STQC/TEC.

(x) In case of any complaint against contents of domestic value addition, it will be the responsibility of the tenderer/RC holder to furnish necessary documentation in support of the domestic value addition claimed, as is required by STQC/TEC, to verify the complaint, without any additional cost to DGS&D. STQC/TEC should verify the complaint without any additional expenditure to DGS&D. In case complaint is not proved, there shall be no liability on the bidder/R.C. holder.

(xi) Pending final disposal of any complaint against the self-certification for domestic value addition provided under the Policy, the process for awarding the RC/continuation of existing RC shall not be put on hold.

3. This issues with the approval of DG(S&D).



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Standard Distribution

File No. IT/PMA/Policy/2013/P&C-1

dated 21.02.2014

Copy to:

1. US(Policy), DOC(SD), Nirman Bhawan, New Delhi – 110011
2. Director (C&T-1) - for uploading on DGS&D Website..

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. 33(3)/2013-IPHW dated 23.12.2013.

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.>