



INDIAN COUNCIL OF AGRICULTURAL RESEARCH
KRISHI BHAWAN: NEW DELHI

F. No. GAC-21-51/2017-CDN

Dated 7th Feb., 2018

ENDORSEMENT

Ministry of Electronics and Information Technology, Government of India, New Delhi has issued an O.M..No. 33(3)/2017-IPHW dated 24.01.2018 regarding Public Procurement (Preference to make in India), Order-2017. The same has been uploaded on the ICAR web-site www.icar.org.in and e-office for information & compliance.

Ajai Verma
7/2/18

(Ajai Verma)

Under Secretary (GAC)

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No. P-45021/2/2017-B.E.-II
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

Dated 15th June, 2017
Udyog Bhawan, New Delhi

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017

Whereas it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective, and

Whereas local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

Now therefore the following Order is issued :

1. This Order is issued pursuant to Rule 153 (iii) of the General Financial Rules 2017.
2. **Definitions:** For the purposes of this Order:

'Local content' means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

'Local supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of this order.

'L1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

'margin of purchase preference' means the maximum extent to which the price quoted by a local supplier may be above the L1 for the purpose of purchase preference.

'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services.

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'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.

3. **Requirement of Purchase Preference:** Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder:
- a. In procurement of goods in respect of which the Nodal Ministry has communicated that there is sufficient local capacity and local competition, and where the estimated value of procurement is Rs. 50 lakhs or less, only local suppliers shall be eligible. If the estimated value of procurement of such goods is more than Rs. 50 lakhs, the provisions of sub-paragraph b or c, as the case may be, shall apply.
 - b. In the procurements of goods which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed:
 - i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bidder.
 - c. In procurements of goods not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:
 - i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract will be awarded to L1.
 - ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such local supplier subject to matching the L1 price.
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price, then the contract may be awarded to the L1 bidder.

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4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
5. **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
6. **Margin of Purchase Preference:** The margin of purchase preference shall be 20% .
7. **Requirement for specification in advance:** The minimum local content, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.
8. **Government E-marketplace:** In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.
9. **Verification of local content:**
 - a. The local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
 - b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
 - c. Decisions on complaints relating to implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
 - d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.
 - e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
 - f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.
 - g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the

duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.

- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;
 - ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
 - iii. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations:

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of local suppliers who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.
- c. Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.
- d. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and/ or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.
- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country, or ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more that 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India."

11. **Assessment of supply base by Nodal Ministries:** The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.
12. **Increase in minimum local content:** The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.
13. **Manufacture under license/ technology collaboration agreements with phased indigenization:** While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.
14. **Powers to grant exemption and to reduce minimum local content:** Ministries /Departments of Government of India and the Boards of Directors of Government companies or autonomous bodies may, by written order,
 - a. reduce the minimum local content below the prescribed level;
 - b. reduce the margin of purchase preference below 20% ;
 - c. exempt any particular item or procuring or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order.

A copy of every such order shall be marked to the Member-Convenor of the Standing Committee constituted under this Order.

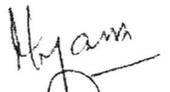
15. **Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

16. **Standing Committee:** A standing committee is hereby constituted with the following membership:

Secretary, Department of Industrial Policy and Promotion—Chairman
Secretary, Commerce—Member
Secretary, Ministry of Electronics and Information Technology—Member
Joint Secretary (Public Procurement), Department of Expenditure—Member
Joint Secretary (DIPP)—Member-Convenor

The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary but not less than once in six months. The Committee
- a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
 - b. shall annually assess and periodically monitor compliance with this Order
 - c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
 - d. may require furnishing of details or returns regarding compliance with this Order and related matters
 - e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
 - f. may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
 - g. may consider any other issue relating to this Order which may arise.
18. **Removal of difficulties:** Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.
19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.
20. **Transitional provision:** This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.



(B. S. Nayak)

Under Secretary to Government of India
Ph. 23061257

F.No.33(1)/2017-IPHW
Government of India
Ministry of Electronics and Information Technology

Electronics Niketan, New Delhi

Dated: 14th September, 2017

NOTIFICATION

Subject: Public Procurement (Preference to Make in India) Order 2017- Notifying Electronic Products in furtherance of the Order

Reference: Department of Industrial Policy & Promotion (DIPP) Notification No.P-45021/2/2017-B.E.-II dated 15.06.2017

The Government has issued Public Procurement (Preference to Make in India) Order 2017 vide the Department of Industrial Policy and Promotion (DIPP) Notification No.P-45021/2/2017-B.E.-II dated 15.06.2017 to encourage 'Make in India' and to promote manufacturing and production of goods and services in India with a view to enhancing income and employment.

2. In furtherance of the Public Procurement (Preference to Make in India) Order 2017 notified vide reference cited above, and in supersession of the policy for providing preference to domestically manufactured electronic products in Government procurement notified vide Notification No.33(3)/2013-IPHW dated 23.12.2013 and the Electronic Product Notifications issued thereunder, the Ministry of Electronics and Information Technology (MeitY) hereby notifies that preference shall be provided by all procuring entities to domestically manufactured Electronic Products as per the aforesaid Order.

3. Following Electronic Products are notified under the Public Procurement (Preference to Make in India) Order 2017:

3.1 Desktop Personal Computers (PCs)

(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.

(B)

Percentage of procurement for which preference to domestically manufactured Desktop PCs is to be provided (in value terms)	Percentage local content or domestic value addition in terms of Bill of Material (BOM) required for the Desktop PCs to qualify as domestically manufactured
50%	45%

(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 condition that value of domestically manufactured parts and components used in

Main inputs in BOM/stages for manufacture of Desktop PC	Value addition required for the input to be classified as domestic BOM
	the assembly of "SMPS" will be minimum 20% (of the total value of parts and components used in the manufacture of "SMPS")
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 from imported/ indigenously manufactured inputs
(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

3.2 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%	40%

(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 (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: (i) value of domestically manufactured parts and components used in the assembly of "Motherboard + Power Module" will be minimum 20% (of the total value of parts and components used in the manufacture of "Motherboard + Power Module") <u>and</u> (ii) Cabinet shall be domestically manufactured
Semiconductors (i.e. the Semiconductor Chips and Modules)	The value of only those Semiconductor Chips and Modules (including Processor

Main inputs in BOM/stages for manufacture of Laptop PC	Value addition required for the input to be classified as domestic BOM
on Motherboard)	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 from imported/indigenously manufactured inputs
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 40% (of the total value of parts and components used in the manufacture of "Power Adapter")
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 (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*

3.3 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%	45%

(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 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 20% (of the total value of parts and components used in the manufacture of "Integrated Motherboard")
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 from imported/indigenously manufactured inputs
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 40% (of the total value of parts and components used in the manufacture of "Power Adapter")
Casing	Domestically manufactured Casing
Battery	Domestic assembly and testing from imported/ indigenously manufactured parts and components
Accessories (Camera, Speaker, Antenna, etc.)	WiFi 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

3.4 Dot Matrix Printers

(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.

(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%	55%

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 15% (of the total value of parts and components used in the manufacture of "Main PCB") except value of bare PCB
Bare PCB	Domestically manufactured from imported/ indigenously manufactured inputs
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 20% (of the total value of parts and components used in the manufacture of "SMPS")
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
(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

3.5 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%	65%

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
(iii) Final Assembly and Testing (iv) Design/ Development	(i) Domestically assembled/tested and (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%	70%

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 value of IP resident in India for any of the above items shall be reduced

Main inputs in BOM/stages for manufacture of Contactless Smart Card	Value addition required for the input to be classified as domestic BOM
	from its value in domestic BOM

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

3.6 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%	65%

(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
LED Emitter	Packaging from imported/domestically fabricated Bare LED Die subject to the condition that the Bare LED Die shall be domestically fabricated using imported/indigenously manufactured inputs
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 30% of the total value of parts and components used in the manufacture of "Driving Electronics"
Bare PCB including MCPCB	Domestically manufactured using imported/indigenously manufactured inputs
Heat Sink or Thermal Management Solutions	Domestically manufactured using imported/indigenously manufactured inputs
Secondary Optics	Domestically manufactured using imported/indigenously manufactured inputs
System Fixture and Fitting	Domestically manufactured
Final Assembly / Testing	Domestically assembled / tested meeting Indian Standards as notified from time to time.

3.7 Biometric Access Control/Authentication Devices

(A) Definition:

For the purpose of this Notification, Biometric Access Control/ Authentication Device shall include *inter-alia* a Finger Print Sensor/ Iris Sensor, Controller Module and Power supply. It may or may not contain a display unit. Some of the applications of Biometric Access Control/ Authentication Device are Physical access control, Time and Attendance control etc.

(B)

Percentage of procurement for which preference to domestically manufactured Biometric Access Control/ Authentication Devices is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for Biometric Access Control/ Authentication Devices to qualify as domestically manufactured
50%	45%

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

The domestic BOM of Biometric Access Control/ Authentication Device 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 Biometric Access Control/ Authentication Device	Value addition required for the input to be classified as domestic BOM
1	2
Finger Print Sensor/ Iris Sensor	Domestically manufactured as notified (refer Paras 3.8 and 3.9)
Main PCB (Controller Module)	Domestic assembly and testing from imported / indigenously manufactured parts and components except value of bare PCB
Bare PCB	Domestically manufactured from imported / indigenously manufactured inputs
Power Supply/ Battery(if separate)	Domestic assembly and testing from imported/ indigenously manufactured parts and components
Display Unit	Domestic assembly and testing from imported/ indigenously manufactured parts and components
Optional features such as Camera, Keyboard, RFID, Smart Card Reader, GPRS Module, Wi-Fi, Blue Tooth etc.	Domestic assembly and testing from imported/ indigenously manufactured parts and components
Plastic Housing	Domestically manufactured from imported/ indigenously manufactured inputs
USB Cables	Domestically manufactured from imported/ indigenously manufactured inputs
(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. The

Main inputs in BOM/stages for manufacture of Biometric Access Control/ Authentication Device	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

3.8 Biometric Finger Print Sensors

(A) **Definition:**

For the purpose of this Notification, Biometric Finger Print Sensor consists of a Controller Module, CMOS Sensor and Optics. The applications of the Biometric Finger Print Sensor are personal identification and verification etc.

(B)

Percentage of procurement for which preference to domestically manufactured Biometric Finger Print Sensors is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for Biometric Finger Print Sensors to qualify as domestically manufactured
50%	45%

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

The domestic BOM of Biometric Finger Print Sensor 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 Biometric Finger Print Sensor	Value addition required for the input to be classified as domestic BOM
1	2
Main PCB (Controller Module)	Domestic assembly and testing using imported / indigenously manufactured parts and components except value of bare PCB
Optics	Domestically manufactured from imported / indigenously manufactured inputs

Main inputs in BOM/stages for manufacture of Biometric Finger Print Sensor	Value addition required for the input to be classified as domestic BOM
1	2
CMOS Sensor	Domestic assembly, packaging and testing of CMOS Sensor using imported/indigenously manufactured inputs *
Bare PCB	Domestically manufactured from imported / indigenously manufactured inputs
Plastic Housing	Domestically manufactured from imported / indigenously manufactured inputs
USB Cables	Domestically manufactured from imported / indigenously manufactured inputs
(i) Final Assembly and Testing (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*

3.9 Biometric Iris Sensors

(A) **Definition:**

For the purpose of this Notification, Biometric Iris Sensor consists of a Controller Module, CMOS Sensor and Optics. The applications of the Biometric Iris Sensor are personal identification and verification etc.

(B)

Percentage of procurement for which preference to domestically manufactured Biometric Iris Sensors is to be provided (in value terms)	Percentage domestic value addition in terms of Bill of Material (BOM) required for Biometric Iris Sensors to qualify as domestically manufactured
50%	45%

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

The domestic BOM of Biometric Iris Sensor 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 Biometric Iris Sensor	Value addition required for the input to be classified as domestic BOM
1	2
Main PCB (Controller Module)	Domestic assembly and testing using imported / indigenously manufactured parts and components except value of bare PCB
Optics	Domestically manufactured from imported/ indigenously manufactured inputs
CMOS Sensor	Domestic assembly, packaging and testing of CMOS Sensor using imported/ indigenously manufactured inputs*
Bare PCB	Domestically manufactured from imported/ indigenously manufactured inputs
Plastic Housing	Domestically manufactured from imported/ indigenously manufactured inputs
USB Cables	Domestically manufactured from imported/ indigenously manufactured inputs
(i) Final Assembly and Testing (ii) Design/ Development	(i) Domestically assembled/ tested and

Main inputs in BOM/stages for manufacture of Biometric Iris Sensor	Value addition required for the input to be classified as domestic BOM
1	2
	(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*

3.10 Servers

(A) **Definition:**

For the purpose of this Notification, a Server shall necessarily consist of a Mother Board, CPU, Memory (RAM), Hard Disk Drive (HDD)/ Solid State Storage Drive (SSD), Power Supply Unit (SMPS), Chassis, Connecting Cables and Firmware & OS.

(B)

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

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

The domestic BOM of Server 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 Server	Value addition required for the input to be classified as domestic BOM
1	2
Server Board/ Mother Board/ CPU	Domestic assembly and testing from imported/ indigenously manufactured parts and components including value of Processor(s)* and excluding bare PCB

Main inputs in BOM/stages for manufacture of Server	Value addition required for the input to be classified as domestic BOM
Memory	Domestic assembly of imported memory chips on imported/ indigenously manufactured bare PCB/ Domestic ATMP/ fabrication/ or combination
Hard Disk Drive/ Solid State Storage Drive	Domestic assembly and testing from imported/ indigenously manufactured parts and components
Semiconductors (i.e. the Semiconductor Chips and Modules including Processor and Memory on Server Board/ Mother Board)	The value of only those Semiconductor Chips and Modules (including Processor and Memory) on the Server Board/ Mother Board <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**
Cabinet + SMPS	Domestically manufactured Cabinet and domestic assembly and testing of SMPS 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 25% (of the total value of parts and components used in the manufacture of "SMPS")
Bare PCB	Domestically manufactured from imported/ indigenously manufactured inputs
Accessories (Power Cables, Connectors, etc.)	Domestic assembly and testing from imported / indigenously manufactured parts and components
(i) Final Assembly and Testing (ii) Design and 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 the domestic BOM

** It is essential that, the Printed Circuit Board Assembly (PCBA) of the processor(s)/ components on the bare PCB using the SMT process should mandatorily be done in India.*

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

4. The Notification comes into effect immediately and would be reviewed after 31.03.2019.

5. This Notification shall remain valid till the revised Notification is issued.

6. The Electronic products Notification shall also be applicable to the Domestically Manufactured Electronic Products (DMEPs) covered in turnkey/ system integration projects. 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.

7. No Electronic Product Notification under the Public Procurement (Preference to Make in India) Order 2017 shall have retrospective effect.

8. Procedure for calculating local content/ domestic value addition

8.1 Bill of Material sourced from domestic manufacturers (Dom-BOM) may be calculated based on one of the followings 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.

8.2 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.

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

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

It is recommended that each agency assessing should calculate the domestic local content/ 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.

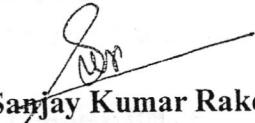
9. Verification of local content/ Domestic Value Addition

- a. The local supplier at the time of tender, bidding or solicitation shall provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
- b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practising cost accountant or practising chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
- c. In case a complaint is received by the procuring agency or the concerned Ministry/ Department against the claim of a bidder regarding local content/ domestic value addition in an electronic product, the same shall be referred to STQC.
- d. Any complaint referred to STQC 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. If no information is furnished by the bidder, such laboratories may take further necessary action, to establish the bonafides of the claim.
- e. A complaint fee of Rs.2 Lakh or 1% of the value of the domestically manufactured electronic products being procured (subject to a maximum of Rs. 5 Lakh), whichever was higher, to be paid by Demand Draft to be deposited with STQC. 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.
- f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two

years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

10. MeitY shall be the Nodal Ministry to monitor the implementation of the Electronic Products Notification.

11. In case of a question whether an item being procured is an electronic product to be covered under the Public Procurement (Preference to Make in India) Order 2017, the matter would be referred to the Ministry of Electronics and Information Technology for clarification.

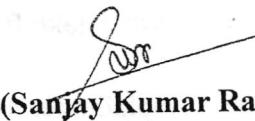

(Sanjay Kumar Rakesh)

Joint Secretary to Government of India
Tel.: 24363071

New Delhi, Dated: 14.09.2017

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. NITI Aayog
5. Joint Secretary (DIPP), Member-Convener of Standing Committee of Public Procurement Order 2017
6. Comptroller and Auditor General of India
7. AS&FA, Ministry of Electronics and Information Technology
8. Internal Distribution


(Sanjay Kumar Rakesh)

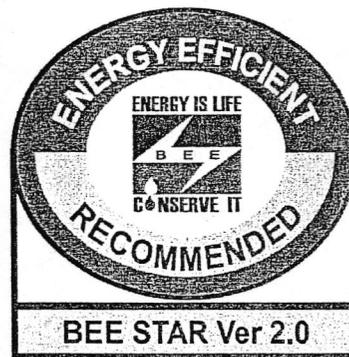
Joint Secretary to Government of India
Tel.: 24363071

- II. Encourage the customer to test the product for Star Label compliance.
- III. Encourage the customer, should the product no longer meet Star Label, to make use of EPA's free technical assistance that can assist with Power Management performance, which can be found at www.energystar.gov/fedofficeenergy.

9. USER INTERFACE: Manufacturers are encouraged to design products in accordance with the user interface standard IEEE 1621: Standard for User Interface Elements in Power Control of Electronic Devices Employed in Office/Consumer Environments. For details, see <http://eetd.LBL.gov/Controls>.

10. TOLERANCE LIMITS: There is **no negative tolerance in the energy consumption criteria** for obtaining the BEE endorsement label. All tested products must meet the minimum threshold including manufacturing tolerance and other variations.

11. MANNER OF DISPLAY: All the manufacturers are required to affix the label both on carton and on products (in software or affixed on the machine).



12. FEES

1. Application fee payable on application for assignment of the authority to affix label is INR 2000/- (Rupees Two thousand only)
2. Application fee payable on application for renewal of authority to affix labels is INR 500/- (Rupees Five hundred only).
3. Labelling fee for affixation of label on each piece of laptop/notebook computer is INR 10/- (Rupees Ten only)-



13. FUTURE SPECIFICATION REVISIONS

BEE reserves the right to revise the specification should technological and/or market changes affect its usefulness to consumers or industry or its impact on the environment. In keeping with current policy, revisions to the specification will be discussed with stakeholders. In the event of a specification revision, please note that BEE qualification is not automatically granted for the life of a product model. To qualify as Star labeled product, a product model must meet the BEE's specification in effect on the model's date of manufacture.