

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

Dated: 22nd 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

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



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