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 <u>Laptop Personal Computers (PCs)</u>

(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 and (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") and (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 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*
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 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*
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, 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*

3.4 <u>Dot Matrix Printers</u>

(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 <u>Smart Cards</u>

(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 (ii) 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

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 <u>Biometric Access Control/Authentication Devices</u>

(A) Definition:

For the purpose of this Notification, BiometricAccess 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 (ii) Design/ Development	(i) Domestically assembled / tested and (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 <u>Biometric Finger Print Sensors</u>

(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 <u>Biometric Iris Sensors</u>

(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 <u>Servers</u>

(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 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**
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:

Percentage of domestic value-addition = $\frac{\text{Dom}-\text{BOM}}{\text{Total}-\text{BOM}} x100$

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

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(Sanjay Kumar Rakesh)
Joint Secretary to Government of India
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