

F.No.33(3)/2013-IPHW
Ministry of Communications and Information Technology
Department of Electronics and Information Technology

Dated: 22nd May, 2014

NOTIFICATION

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

Reference: Notification No. 33(3)/2013-IPHW dated 23.12.2013

The Government has notified the policy for providing preference to domestically manufactured electronic products in Government procurement vide the Department of Electronics and Information Technology (DeitY) Notification No.33(3)/2013-IPHW dated 23.12.2013 (hereinafter called the Policy).

2. As per Clause 2.1.1, the policy will be applicable to all Ministries/Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

3. A Light Emitting Diode (LED) is an electronic device, which is essentially a PN junction opto-semiconductor that emits light when operated in a forward biased direction. LEDs convert electrical energy into light energy. Their applications encompass Illumination, Displays, Indicators, Back Lighting, Signage, Signalling, Mobile, Automotive, etc. Since LED products cut across sectors, they have been classified as generic electronic products in terms of the aforesaid policy.

4. In furtherance of the policy notified vide reference cited above, DeitY hereby notifies that preference shall be provided by all Ministries/Departments (except Ministry of Defence) and agencies under their administrative control to domestically manufactured LED Products as per the said policy. The details are as follows:

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%	50% in Year 1

(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
(a) LED Emitter	Packaging from imported/domestically fabricated Bare LED Die subject to the condition that from Year 2 onwards, the Bare LED Die shall be domestically fabricated using imported/ indigenously manufactured inputs
(b) 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 10% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 1, which will increase to minimum 20% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 2 and minimum 30% of the total value of parts and components used in the manufacture of "Driving Electronics" in Year 3 and in subsequent years
(c) Bare PCB including MCPCB	Domestically manufactured using imported/ indigenously manufactured inputs

(d) Heat Sink or Thermal Management Solutions	Domestically manufactured using imported/indigenously manufactured inputs
(e) Secondary Optics	Domestically manufactured using imported/indigenously manufactured inputs
(f) System Fixture and Fitting	Domestically manufactured
(g) Final Assembly / Testing	Domestically assembled / tested meeting Indian Standards as notified from time to time.

5. For reasons to be recorded in writing, a Government Ministry / Department or agencies under their administrative control may choose to procure a higher percentage of domestically manufactured electronic products than specified in the Notification. This would enable Ministries / Departments such as Atomic Energy, Space, Home Affairs, etc. to meet their special requirements or wherever a special policy provision exists / decision is taken by the Government to meet the demand from domestic manufacturers.

6. The notification comes into effect immediately. The Year 1 for the purpose of this notification would be upto 31.3.2015.

7. The domestic value addition for Year 2 onwards shall automatically increase by 5% in terms of Policy referred to as above.

8. The Department may review the Notification in case of technology / manufacturing ecosystem evolving differently from the one envisaged for this Notification.

9. The implementation of this notification will be based on self-certification regarding value-addition in terms of Para 5.1 of the Policy cited as reference above.

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

11. This notification is issued in supersession of the Notification No.8(49)/2012-IPHW dated 27.5.2013 on the subject.



(Dr. Ajay Kumar)
Joint Secretary to Government of India
Tel.: 24360160

New Delhi, Dated 22.05.2014

Copy to:

1. All Ministries/Departments of Government of India
2. Cabinet Secretariat
3. PMO
4. Planning Commission
5. Comptroller and Auditor General of India
6. JS&FA, Department of Electronics and Information Technology
7. Internal Distribution



(Dr. Ajay Kumar)

Joint Secretary to Government of India

Tel.: 24360160