



Indian Electrical & Electronics Manufacturer's Association
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Director General

SEC/REP/JP/2021/063

5th March 2021

Dear Sir,

Sub.: DOE Orders dated 2nd March 2021 and 8th February 2021, clarifying matters with regard to the parent DOE Order 23rd July 2020.

This has reference to the Department of Expenditure Orders dated 2nd March 2021 and 8th February 2021, clarifying certain matters with regard to the DOE Order (Public Procurement No. 1) dated 23rd July 2020. Main clarifications are reproduced as under, copies are attached for ready reference:

Order dated 8th February 2021:

- i. A bidder is permitted to procure raw material, components, subassemblies etc. from the vendors from countries which shares a land border with India. Such vendors will not be required to be registered with the Competent Authority, as it is not regarded as "sub-contracting".
- ii. However, in case a bidder has proposed to supply finished goods procured directly/indirectly from the vendors from the countries sharing land border with India, such vendor will be required to be registered with the Competent Authority.

Order dated 2nd March 2021:

- i. Procurement of spare parts and other essential service support like AMC/ CMC, including consumables for closed systems from OEMs or their authorised agents shall be exempted from the requirements of registration with the Competent Authority.

From the amendments notified vide Order dated 8th February 2021, it appears that a company manufacturing a product in India using raw material, components, subassemblies etc. imported from China will not be required registration approval under the parent Order dated 23rd July 2020. This Indian company may or may not be controlled or owned by Chinese entities/ individuals. Amendments notified vide Order dated 2nd March 2021 further grant permission to import spare parts and consumables for essential service support, not only from the Chinese OEMs but also from their authorised agents.

These permissions to procure raw material, components, subassemblies, spare parts, consumables etc. inadvertently grant permission to import finished products in knocked down (CKD / SKD) condition. It may be noted that many of the finished products comprise of sub-assemblies and components, hence any vendor supplying systems as a unit (finished product) directly from China will be required to be registered in terms of the Order dated 23rd July 2020 before participating in the bids for installation of the systems, while its agent or shell company in India will not require any registration with DPIIT if it procures the sub-assemblies and components of the same system from Chinese vendors, assembles them in India and supplies to the Government entities. Unscrupulous companies can easily misuse these relaxations and bring sub-assemblies/ components from China, assemble them in India and sell to government agencies circumventing the very spirit of MII Orders. This misuse of relaxations will eventually reduce India into an "assembly economy", thereby making "Make in India Orders" absolutely ineffective.



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With reference to the parent Order dated 23rd July 2020, clarification pertaining to the definition of works contract and subcontracting are requested from the DOE. Considering that a Central Government agency invites bids to develop infrastructure projects such as transmission lines, substations, power plants, solar parks etc. under "public procurement" through EPC route, contracts awarded by the said agency must fall under the domains of Make in India Policy. In absence of clarity, an EPC contractor who has been awarded the infrastructure project by the Public Enterprise can import anything from China, including finished products such as Transformers, GIS substations and even SCADA Systems without registering with DPIIT, if it happens to be a private entity. It can even sub- contract the work to Chinese entities, as the provisions of 23rd July 2020 Order are applicable only on public procurements and the main contractor is a private entity. Any EPC contractor, whether government or private, or even an individual (in view of national safety and security) must be made to comply with provisions laid down in Make in India Policy if the project developer is a Public Enterprise, thereby removing disparity between Government and private executing agency. Even a tiny item of Chinese origin with embedded electronic devices can cause devastation to the whole electricity system, if triggered by the Chinese agents.

All MII orders should be made applicable to States/ Private/ Individual entities also, as consumption of Chinese products in any sector can severely impact our economy. Particularly for the Power Sector, embedded systems in Chinese products can be seriously injurious from the point of view of Cyber Security, crippling this critical and strategic segment along with other sectors like railways, telecom, defence, banking to name a few.

Best Regards

Yours sincerely

Sunil Misra

Dr. T.V. Somanathan
Secretary - Expenditure
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Copy To: Shri S. Gopalakrishnan, Additional Secretary, PMO