

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

ITE&C Department – AP Procurement Policy for e-Governance –Operational guidelines on Preferential Market Access for Government IT/Hardware procurements - Orders – Issued.

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**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS (INFRA) DEPARTMENT**

G.O.MS.No. 22

Dated: 28.11.2015

Read the following

1. G.O. Ms. No. 12 of ITE&CDept., Dt : 08.06.2015
2. G.O. Ms. No. 13 of ITE&C Dept., Dt : 11.08.2014

**ORDER:**

The Government of AP has an ambitious plan of implementing e-Governance and establishing environment conducive for development of IT industry in the State over the next 5 years. To this end, GoAP has published a Blueprint, has notified an IT Policy and is in the process of developing an Enterprise Architecture for e-Governance. The Vision of the Government is

***“To develop Andhra Pradesh as a knowledge society of global repute, with a focus on enhancing the quality of life of its citizens, through high-quality education and healthcare, increased productivity in agriculture and allied activities, creation of requisite employment potential by promoting electronics and IT industries, and above all, by providing good governance.”***

**2. ANDHRA PRADESH PROCUREMENT POLICY:**

Considering that the number of projects in the e-Governance sector is going to be large, which requires appropriate implementation and procurement models and in order to meet the implementation needs of e-Governance, through G.O. vide reference 1<sup>st</sup> read above, GoAP have notified a comprehensive ‘Procurement Policy for e-Governance’, after approval of council of Ministers, with the objectives of (a.) To enhance efficiency, effectiveness and transparency in procurement decisions relating to e-Governance and (b.) To enable Government departments and agencies to entrust works relating to design, development and implementation of e-Governance projects on an outcome basis, balancing cost-effectiveness and transparency. As per this Procurement Policy, the methods of procurement prescribed for compliance by all the Departments, are (i) Rate Contracts (RC), (ii) Limited Tenders - through Empanelment of Vendors, (iii) Swiss Challenge, (iv) Promotion of Innovative products & Solutions, (v) PPP Methods, (vi) Open competitive Bid and with (vii)

Special Provisions for Procurement in case of Repeat Orders, Emergency Procurements and Procurement of proprietary products.

3. The Procurement Policy also envisages “Preferential Market Access” as per IT Policy. The AP IT Policy, notified in G.O. vide reference 2<sup>nd</sup> read above, after approval of Council of Ministers, provides a preferential treatment for certain categories of IT Companies specified therein, namely, MSME Companies and Rural IT Companies registered and operating in AP. All turn key projects with an outlay up to Rs 5 cr (50 Mil) to be undertaken by Government Departments would be reserved for MSMEs registered and operating in AP. MSME IT units are those units that have an annual turnover of up to Rs 25 cr (Rs. 250 mil). Further, Suo moto proposals, based on applications relevant to governmental needs would be accepted from AP based MSME IT units and the proposals adjudged to be the best among those found to be relevant for achieving the objectives set out in the blueprint will be accepted and projects to the tune of Rs 50 cr (500 mil) p.a would be awarded to the IT units so selected. In addition, All district based turn key projects with an outlay up to Rs 50 Lakhs would be reserved for Rural IT companies. In all the above methods of procurement the eligibility criteria and provisions for implementation of particular method of procurement has been prescribed.

#### 4. **NEED FOR PREFERENTIAL MARKET ACCESS:**

However, in order to provide gainful employment to the educated youth of the State, bring investments into IT/ITES/Electronics sector, augment the GSDP and enhance the standard of living of the citizens of the State, there is need for setting up of Application Development Centres, Software, IT/ITES operations, Hardware Manufacturing/Assembling/ component manufacturing facilities in the new State of Andhra Pradesh.

5. Keeping this in view, there is every necessity to encourage & promote setting up of the domestic IT/Hardware Units in the new State of Andhra Pradesh and for this purpose it is felt that a Preferential Market Access shall be provided to those IT/Hardware units/companies, having their Development Centres/Manufacturing facilities functioning/operating from across the 13 districts of the State of AP.

#### 6. **PROVISIONS ON PREFERENTIAL MARKET ACCESS:**

This policy is applicable to any IT/ITES/Hardware Unit/Company already existing or commits itself to establish, within 3 months of award of contract, its Application Development Centres, Software, IT/ITES operations, Hardware Manufacturing/ Assembling/ component manufacturing facilities, in any one of the 13 districts in the new State of Andhra Pradesh.

7. To avail Preferential Market Access from the Government of AP Procurement Policy, the interested IT/Hardware companies shall get empanelled with Andhra Pradesh Technology Services Ltd (APTS) – the procurement agency of GoAP - and **shall comply with all the criteria indicated in the mandatory requirements of each category mentioned in para 8 :**

8. The mandatory requirements for each category are mentioned below:

**I. Criteria for Preferred vendor Empanelment / Rate Contract / Open Tender :**

**Mandatory requirements:**

- a. The vendor quoting/proposing a quote for the IT Hardware Products must manufacture /assemble the product in the 13 Districts of AP.
- b. The vendor should make the billing from any of the 13 Districts of Andhra Pradesh
- c. 50% of the employees employed by the vendor in all locations in AP, shall belong to AP
- d. The vendor shall have AP TIN registration
- e. The vendor shall have CST registration, in the jurisdiction of 13 Districts of Andhra Pradesh.
- f. The vendor shall have Service tax registration in the jurisdiction of 13 Districts of Andhra Pradesh.

**II. Criteria for Preferred Application Development Service Provider:**

**Mandatory requirements:**

- a. The Development Centres shall be in any of the 13 Districts of AP, wherein 50% of the employees employed in all locations in AP, by such development centre, shall belong to AP
- b. The Application Development Service Provider should make the billing from any of the 13 Districts of Andhra Pradesh
- c. The Application Development Service Provider shall have AP TIN registration
- d. The Application Development Service Provider shall have CST registration in the jurisdiction of 13 Districts of Andhra Pradesh.
- e. The Application Development Service Provider shall have Service tax registration in the jurisdiction of 13 Districts of Andhra Pradesh.

**III. Criteria for Preferred IT/ITES and Support Services Provider:**

**Mandatory requirements:**

- a. The IT/ITES and Support Services provider having the unit/company/ office in any of the 13 Districts of AP, wherein 50% of the employees employed, by such unit/company/ office in all locations in AP, shall belong to AP
- b. The IT/ITES and Support Services Provider should make the billing from any of the 13 Districts of Andhra Pradesh

- c. The IT/ITES and Support Services Provider shall have AP TIN registration
  - d. The IT/ITES and Support Services Provider shall have CST registration in the jurisdiction of 13 Districts of Andhra Pradesh.
  - e. The IT/ITES and Support Services Provider shall have Service tax registration in the jurisdiction of 13 Districts of Andhra Pradesh.
9. The Benefits to preferred vendors/Developers/ Service Provides for Categories I,II and III are as below :

- a. 50% discount in Earnest Money Deposit (EMD)
- b. 25% discount in Performance Bank Guarantee (PBG)
- c. "50% relaxation of per-qualification criteria stipulated in respective tenders/bid documents, RFPs, such as Turnover (in financial terms & Quantity of orders handled), net worth, service facilities or any other per-qualification criteria as is deemed fit. "
- d. **For IT Hardware Products** : 50% of the order quantity will be awarded if they are willing to match L1 price (if L1 vendor is not the preferred vendor ) for hardware items.
- e. **For Application Development Service Provider or for IT/ITES and Support Services:** preference will be given in awarding the project or work if they are willing to match L1 price (if L1 is not the preferred Developers/ Service Provider), provided the price quoted by them is not more than 20% of the L1 price.

10. In respect of Application Developer or bidding company or both, applied for any tender (availing benefit of PMA) and not able to open their Development Centres/ facilities in the new State of Andhra Pradesh, the said Application Developer or bidding company or both, shall undertake to outsource 30% of the such work awarded to them, to an existing AP based company and that AP based company shall fulfil the condition of employing 50% of the employees of the AP origin.

**11. Failure to comply with the conditions specified in para 6 &8 :**

If any IT/ITES/Hardware Unit/Company/vendor/ Application Development Service Provider (as an existing unit/company/ Development centre) which has undertaken or proposed to establish within 3 months of the award of contract, fails to fulfil the conditions specified in para 6 & 8 above, will be visited with following consequences:

- a. The contract secured/ awarded, under this policy will be liable for cancellation and shall be treated as NULL and VOID.
- b. The Performance Bank Guarantee will be forfeited.
- c. Any advances/payments made for the execution of the contract awarded shall be recovered along with applicable interest.

**12. DEFINITION OF EMPLOYEES FROM ANDHRA PRADESH:**

For the purposes of this provision of employees from AP, a person of AP origin from any of the 13 districts of Andhra Pradesh, is defined as specified below:

- a. A resident of the State of AP.
- b. Domiciled in the State of AP.
- c. Born in the State of AP.
- d. Studied in School/College/University in the State of AP for four years continuously.
- e. A person either of whose parents was born or attended School/ College/ University in State of AP or was domiciled in AP.

13. A resident of the State of AP is defined as a person satisfying any of the following criteria:

- a. Whose name finds place in electoral roll anywhere in Andhra Pradesh.
- b. Whose name finds place in the citizens data maintained by the Revenue Department and is assigned with a multipurpose identity card no. (also termed SSID No:)
- c. Who holds a ration card/telephone connection/gas connection in his/her name or in the name of any member of his/her family.
- d. Who is able to furnish any other proof of residents like drawl of monthly salary through bank branch in any of the 13 districts of Andhra Pradesh.

14. This Preferential Market Access Policy is applicable for procurement of State-funded projects under “AP Procurement Policy for e-Governance” for Government of Andhra Pradesh only.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

G.S.PHANI KISHORE  
SPECIAL SECRETARY TO GOVERNMENT

To  
All the Departments of Secretariat  
All the District Collectors & Magistrates, AP  
All the HoDs  
The Managing Director, M/s APTS Ltd.

Copy to:  
The Chief Minister’s Office/Chief PRO to C.M.  
The OSD to Hon’ble Minister for Information Technology, Andhra Pradesh  
The PS to PFS, Andhra Pradesh  
The PS to OSD to Hon’ble CM, Andhra Pradesh  
The PS to Chief Secretary to Government of Andhra Pradesh  
The PS to Advisor, ITE&C, Andhra Pradesh

//FORWARDED::BY ORDER//

SECTION OFFICER